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Daily Report

East Europe

FBIS-EEU-94-155
Thursday
11 August 1994

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FBIS-EEU-94-155 *11 August 1994*

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Defense Minister Views Importance of Perry Visit

AU1008120394 Tirana RILINDJA DEMOKRATIKE in Albanian 29 Jul 94 pp 1-2

[Article by Albanian Defense Minister Safet Zhulali: "The Importance of William Perry's Visit to our Country]

[Text] William Perry's visit to Albania came as a high point in Albania's political life.

It was neither a mere conventional visit, nor a return visit to a friendly country by a defense minister. Given the successful development of Albanian-U.S. relations in the political, economic, and administrative fields, Perry's visit to Albania was quite natural. I do not think, therefore, that it was the developments in the field of defense alone which brought about this important visit.

The last three-year period has seen a vigorous development in Albanian-U.S. relations, primarily in the political field. President Sali Berisha's meeting with many important U.S. political personalities, such as senators, congressmen, politicians, economists, and businessmen, acquainted them with Albania and its political and democratic developments, and the achievements of its reforms of all state structures. Such intensity of meetings and cooperation has involved almost all high-ranking state officials. During this period, the United States has realized our profound seriousness and great commitment. Our policy has been dynamic, active, and characterized by constant positive trends.

The reforms in Albania have been rich in content and successful in their achievements. Albania is building up a progressive democracy and a market economy system; it is strengthening and increasingly guaranteeing human rights. The way our reforms are being carried out and human rights expanded is creating the strong belief that all this development is irreversible. This constitutes an important element in the support given to Albania by the EC and the United States.

In the meantime, our cooperation with the United States in all fields has developed. Economic and trade links have intensified, ministerial relations strengthened, and assistance in various fields of economic, administrative, legislative, military, and humanitarian life increased.

Thus, the development of democracy in Albania and the great cooperation in the political, economic and administrative fields, etc., were, first of all, the basic prerequisite for undertaking a top level visit to Albania. To illustrate it more clearly, I will mention the following facts: Three years ago, a great American, Mr. James Baker, declared to the Albanians who were longing for freedom, democracy, and prosperity: "Freedom has produced results." Three years later, another great American declared: "Freedom did produce results," and added: "Albania is the first among the Central and Eastern European countries in terms of successfully carrying out economic, political, and military reforms." As it [words indistinct], but he included it within the framework of a longer trip through our region. Those who try to play down the importance of Mr. Perry's visit to Albania, linking it only to his visit to our region as a whole, are being either naive or malicious.

Perry's visit to the region was a patent indication of the importance that the United States attaches to it and its stability, which is a precondition for solving the crises. I think that this visit was [words indistinct] great interest that the United States takes in the Balkans, in overcoming the crisis and developing the reforms.

In all the countries that he visited, Mr. Perry clarified the position of the United States toward them: "We are your friends in peace, democracy, and freedom." Thus, Perry explicitly defined that the United States is a friend of those countries that pursue a policy of peace and stability, develop broad democracy, restore their citizens' basic rights, and abide by the principles of good neighborliness.

As a consequence, the fact that Perry emphasized the new Albanian-U.S. friendship and its development at a high level signifies that the United States acknowledges that Albania is resolutely following a policy of peace and stability (very important to the region), it admits that democratic developments in Albania are witnessing real progress, basic human freedoms and rights are being largely implemented in everyday life, and their development knows only growth.

It is a fact known to everyone that relations between Albania and the United States in the defense field have witnessed a very good development.

My opinion is that the United States is Albania's most important friend.

A wide-ranging cooperation has been restored between the Albanian and U.S. Armies. The success of the democratic reform of our Army has helped a lot in strengthening these links.

Thus, very important agreements with the United States step by step have been concluded, such as the setting up in January 1993 of a liaison and coordination mission near our General Staff Headquarters, the signing of a memorandum of understanding in the field of defense, my two visits to the United States, two agreements in the field of topography and hydrography, and other cooperation forms [words indistinct]. Thus, [words indistinct] cannot be separated from our bilateral developments; it is part and parcel of our broad cooperation.

Second, Albania was among the first countries to back President Clinton's initiative on Partnership for Peace, and as President Berisha has pointed out, Albania not only supported it strongly, but it views it as a dynamic process of our country's integration into NATO.

Our new relations will see new developments within the framework of the Partnership and [words indistinct] our

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separate meetings, our cooperation with the United States could be enhanced through the participation of third countries.

Thus, analyzing Albanian-U.S. relations in general and our relations in the field of defense in particular, as well as the current developments in the region, one can conclude that Perry's visit took place at a most appropriate time and had a sound basis for success.

The aims of his visit to Albania were clarified by Mr. Perry himself at the very beginning of our bilateral meeting:

1. To strenghten the friendship with the leaders of the Albanian Army.

2. To expand specific relations within our bilateral cooperation.

3. To listen to assessments, advice, opinions, and suggestions made by Albanian officials on security in the Balkans.

Mr. Perry's visit to Albania was a real miracle. The Perry-Berisha meeting was undoubtedly the most important in the schedule of his visits. Mr. Perry highly praised his meeting with [words indistinct] President Berisha, adding he would pass on the latter's advice and suggestions to President Clinton. The echo of Mr. Perry's visit was great in Albania [passage indistinct] and comments on his visit, which was realistically mirrored. Albeit viewed from different angles, it was always positively commented on by the pro-government, opposition, and independent press, which expresses a national attitude toward a national problem.

However, while particular attention was paid to political considerations with regard to regional and bilateral cooperation, two of Mr. Perry's meetings with the Albanian Army, one with officers of our military academy and the other at a military installation in Zall-Herr were somewhat sidestepped by the media, which failed to devote the appropriate coverage to these two events.

The visits to the academy was not only a historic moment for our military academies, welcoming the most prominent guest ever to visit these institutions, but it also enabled Mr. Perry to present a most cordial and promising message to our Army. Naturally, I would have liked [words indistinct] several times and published in full by all our newspapers (on whose pages one comes across a lot of empty, worthless, and unimportant articles). Although unable to include them fully in my article, I can reproduce some of his most cordial and significant messages.

"I came to Albania," Mr. Perry said, "to deliver a message in President Clinton's name and on behalf of the American people." Here is the message: "The United States strongly supports Albania's independence." As [words indistinct] significant his other assessment: "Making sacrifices for the cause of peace, the Albanian people are becoming a brilliant example to the world. The United States, therefore thanks you..."

While hailing the reform carried out in our Army, Mr. Perry put the following question: "Why is the United States interested in Albania's successes in political, economic, and military reform?" After giving two principal reasons, namely the satanic communist regime's collapse and the creation of a system of peaceful security for nations, Mr. Perry concluded: "Over the last two years, Albania has undergone historic changes, confronting a myriad of risks... your friend the United States will do its utmost to help in alleviating Albania's difficulities, at a moment when you are striving to shake off the past and turn your attention to the future."

Mr. Perry's speech reached a climax when he said: "I would like to conclude today with two poetic verses: "Hold on, mother, don't worry, you have your sons in America." And it was Mr. Perry himself who further declared: "Albania's sons are still in the United States, and we hope our democracy will inspire you to safeguard the freedom and democracy that your nation has just earned."

My Visit to Zall-Herr Was the Climax of My Visit to Europe

It was the most beautiful and wonderful assessment that one could make of the Albanian Army. This means that the nice words about the reform in our Army are not empty slogans but tangible reality.

The Albanian Army has achieved the most profound reforms among the armies of the former communist countries. It has thoroughly [words indistinct] its structure, organization, mentality, military exercises, handing over full control to the civilian leadership, strengthening its links with the armies of NATO, and so on.

During his visit to Zall-Herr, Mr. Perry was convinced that the assessments made of the Albanian Army were an objective reality. He encountered wonderful discipline and commitment, not only seeing for himself the great desire for changes, but also experiencing these changes in reality. He saw the affinity among U.S. and Albanian [words indistinct].

He stressed that Albania properly appreciated the assistance of democratic countries, that Albania knew how to cherish the values of this assistance and implement them. What he saw in Zell-Herr was also the U.S. Army's vivid experience (which constitutes the ideal achievement for our Army) being translated into practice in our country by wise and courageous people (not only by Major Agron Hima, I would say, whose performance was nonetheless excellent that day). This shows that our friend's [word indistinct] is not being misused, but is being rationally handled with maturity and a strong will.

It was in these circumstances that Mr. Perry accepted my proposal, and promised to dispatch instructors, and soon we can organize joint exercises with the "Rangers" or the

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"Green Beret" forces. Why did Mr. Perry, by the way, call his visit to Zall-Herr the climax of his European visit? There are, I think two or three main reasons for this.

First, he saw the concrete realization of U.S.-Albanian cooperation and the values of the U.S. [words indistinct] this concrete realization of the changes that the eastern countries should go through within the framework of the Partnership, reaching [words illegible] high standards. Third, it was the traditional Albanian hospitality and our Army's desire for changes and cooperation. He thanked all the officers and soldiers of this unit of our army. They upheld the honor of our Army.

Some Specific Aspects of Perry's Visit

The bilateral cooperation, its growth, and the multifaceted assistance to us were at the center of the bilateral talks held at the Ministry of Defense.

We agreed on many things, most of which will be realized soon. [Words indistinct] of them will need some more time to be put into practice. There no doubt is a very good future for our bilateral cooperation. The idea of Partnership for Peace is well known, as is the support that almost all European countries have given to this initiative.

In the Balkans, the situation is somewhat different. You can hardly find a Balkan country that has no problems with its neighbors, either shadows of the distant past or new attempted steps in today's history. Cooperation is not an easy thing or [words indistinct] every country just heading toward it and problems sorted out. Even for these problems, Mr. Perry's wisdom found ways to overcome the difficulties through U.S. participation, and, since the United States enjoys the trust of all the Balkan states, to surmount the risks and difficulties becomes much easier. Here lies the root of the proposal for trilateral cooperation or more, in which the United States is always present. Some of them can be immediately realized, others take some more time, [words indistinct] U.S. policy in the field of defense must be applauded, because it leads to a broader understanding in the region, which in turn will necessarily bring stability, the consolidation of democracy, and the overcoming of ancient animosities.

Another aspect of Perry's visit is the way in which he raised problems for [words indistinct]. He came to consult us, to hear the opinions of the states in our region about ways to put an end to the crisis. I think that this way of discussing problems [words indistinct] atmosphere and boosted the trust in the United States. Defense Secretary Perry demonstrated, I think, extremely rare abilities in this respect.

His viewpoints on security were prompt and promising at the same time, because they had to deal with our efforts for security and our country's earliest admission into the NATO alliance. His visit encompassed the entire region in the care and warmth of the United States.

Finally, I would like to emphasize his personal qualities as a man, which made the visit extremely pleasant and cordial to [words indistinct] encyclopedic cultural horizon, unassuming, attentive listener, a man of fine taste and sensibility, always forthcoming, sociable, friendly, and articulate. Meetings with him are really impressive.

I am very pleased that Mr. Perry was convinced during his visit that everything that I had told him in Washington was true. He was moved by the warm welcome that he encountered everywhere, by the meetings that he had, particularly with President Berisha and directly with the soldiers.

He highly appreciated our [words indistinct] achievements, showing great esteem for our friendship. He left with the strong conviction that Albania is marching forward along the road to a developed and invincible democracy, because Albania is a sincere friend of the United States. He left Albania as a dear friend of the Albanian Army, Albania, and all Albanians.

Opposition Official on Clinton-Berisha Summit

AU1108084394 Tirana INTERVISTA in Albanian 7-13 Aug 94 p 5

[Interview with Musa Ulqini, Tirana Socialist Party chairman, by Artan Kristo in Tirana; date not given; under the rubric "7 for 7"]

[Text] [Kristo] What would you say about the demand by 20 U.S. congressmen for Clinton to meet Berisha?

[Ulqini] It must be welcomed. The United States today is the world's leader, while the current Albanian leadership, despite its propaganda, has not even succeeded in securing from the United States the minimum of the investment promised to the Albanians.

However, according to our official media, the U.S. congressmen have demanded that Bill Clinton meet Berisha not as the president of a country needing U.S. help, but as a staunch champion of human freedom and basic rights. Here we are undoubtedly dealing with a misunderstanding, because it was precisely the U.S. State Department that sharply criticized the Albanian leader over violations of human rights and freedoms in Albania. We need Berisha to meet Clinton not simply to gain political capital for himself, but to secure real U.S. capital for Albania's ruined economy. However, it comes as no surprise that in the U.S. Congress, with its hundreds of members, there might be a few who take more interest in Berisha's glory than in Albania's problems. Such things can happen, but the problem is that in such a case the question quite naturally arises: What has

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prompted these congressmen to invest in Berisha from afar at the very moment when he most needs investment?

I value highly the democratic United States, and I hope it will help Albania, while prejudicing none of its political forces. I am saying this as an ardent advocate of Albania's rapid integration into Europe, as Albania's membership of the European family would enable it to take the place that it deserves in the geopolitical and also the inter-Atlantic zone.

Persecutee Hunger Strike Extends Through Country

AU1008101194 Tirana RILINDJA in Albanian 6 Aug 94 p 3

[Sami Neza report: "The Strike Will Continue Until the Demands Are Met"]

[Text] Late Thursday [4 Aug] evening, the hunger strike of members of the Association of Former Political Prisoners and Victims of Persecution began. After two weeks of talks, the government, according to one of its statements, agreed to some of the main demands posed by the association's strike committee. However, the association's officers say that the schedule for the fulfillment of their demands was not met, and the strike commission decided to embark on an indefinite strike.

Yesterday morning, there were about 150 strikers from the city of Tirana at the association's headquarters. There were also many demands, especially from women, for the strike to be extended. Women have still not been allowed to join the strike. The strike has also been supported since yesterday by the association's district branches. Internal sources in the association reported that the strike has begun in virtually every district of Albania. There is still no confirmation from the districts of Tropoje and Puke. About 800 former victims of persecution have started their strike in Shkoder, and the number is growing. The strike commission stated that police forces intervened in the cities of Durres and Fier in the early hours of the morning. There were also attempts to prevent the strike in Berat, Kruje, and Kavaje. In the city of Korce, the police paralyzed the strike.

Kurt Kola, the association's chairman, declared to RILINDJA that there must be consistency in the response to the demands submitted by the strike commission, and that he had not expected such a disapproving tone from the Albanian Government in connection with the strike. The statement declares that the government cannot make impossible promises, especially not in order to deceive former victims of persecution. It cannot accept unjustifiable demands. The statement also explains different stages in the manner of meeting the strikers' demands. It divides privatization into two phases, the first up to 31 December 1994, in which privatization is to be carried out with bonds and auctions, and after that date with bonds, cash, and auctions.

Another point the strikers consider very important involves those killed in the war and those shot or who died under persecution, for whom they claim three times the amount of leks in compensation through privatization than the pension to which they are legally entitled. Mr. Kola declared that he was not in agreement with such a declaration and invited the government to reason with and not to coerce the former victims of persecution, because all their demands are reasonable and feasible.

Continues in 7 Districts

AU1108064094 Tirana TVSH Television Network in Albanian 1800 GMT 10 Aug 94

[Text] The Public Order Ministry confirms that the Ministry has received reports stating that today the hunger strike is continuing in seven of the country's districts. The number of the participants in the strike varies from 270 to 300 people. The strike has been suspended in other districts. The strikers' health condition is generally good.

It is reported that in several districts the most elementary strike regulations are not respected, such as the announcement of the identity of persons participating in it, their stay in certain places, etc.

Through court officers, the strikers have been informed of the court's decision to interrupt the strike.

Leader: Strike To Continue

AU1108064194 Tirana TVSH Television Network in Albanian 1800 GMT 10 Aug 94

[Text] At 1200 [1000 GMT] today, in one of the halls of the Former Political Persecutees Association headquarters, the main staff of the hunger strike gave a news conference for reporters.

Kurt Kola, the chairman of the Former Political Persecutees Association, responded to numerous questions by reporters. At the end of the news conference, Kola pointed out that the strikers are determined to continue strike until their already known demands are met.

The strikers' health condition is relatively good, apart from Tirana and Shkoder, where 13 and two persons, respectively, left the strike for health reasons.

Minister Issues Declining Crime Rate Statistics

AU1108102994 Tirana RILINDJA DEMOKRATIKE in Albanian 5 Aug 94 p 4

[Report by Minister of Public Order Agron Musaraj: "Minister of Public Order Mr. Agron Musaraj Declares"]

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[Text] During the first six months of 1994, a total of 4,007 crimes were committed, 3,370 or 84.1 percent of which were cleared up. Compared with the same period in 1992 and 1993, criminality declined respectively by 38 and 28 percent, while the clear-up rate rose by 9 percent compared with 1992, and 3 percent compared with 1993.

Crimes against the individual during this six-month period increased by 57 crimes, or 6 percent, compared with 1992; though compared with 1993 the number of such crimes fell by 34 or 3 percent, and the annual clear-up rate increased by 2 percent and 1 percent respectively. During this period murders declined against the same period of 1992 by 24, or 16 percent, while against 1993 the number remained the same, with the clear-up rate increasing by 5 percent over 1992, and 2 percent over 1993.

Crimes against property declined compared witn the same period in 1992 and 1993 by 51 percent and 30 percent respectively, while thefts of state-owned property appeared to fall by 70 percent and 57 percent. This can be explained by the fact that there are significantly fewer state-owned objects and establishments to steal.

Theft of private property during this six-month period fell compared with the same period in 1992 and 1993 by 174 and 454 crimes respectively, or 12 and 26 percent. The clear-up rate saw an increase of 3 percent compared with 1992 and 2 percent compared with 1993.

Wholesale, Retail Price Differences Noted

AU1108064294 Tirana GAZETA SHQIPTARE in Albanian 4 Aug 94 p 3

[Unattributed report: "Far More Expensive To Buy in the Retail Market. Merchants Are Looking Too High. Should the Government Intervene?"]

[Text] Tirana—Differences between wholesale and retail prices remain extremely high. It seems as if a holy alliance has been set up between the two markets, so much so that even the iron laws of competition are not able to destroy it. Trade can grow, having its ups and downs, but the paradoxical gap between the prices of the two markets remains almost constant. In very rare cases it happens to be a normal difference between retail and wholesale prices of food stuffs. Usually this difference is 20, 40, or 100 percent and over, in favor of the retail prices. Several factors are thought to be the cause of this phenomenon, which in fact artificially creates financial difficulties in this transition period for quite a large category of persons or families that live on a modest income. It seems that the primitive but unfortunately prevailing concept of urging the merchants to boost their profits not by increasing the amount of goods in circulation, but simply by raising their prices to a maximum is still exerting a strong impact upon them. It seems also that some of the merit in creating the "pyramid" of retail prices belongs to the heavy burden of taxes that the merchants—generally the small ones—are compelled to pay to the state. In fact, the swelling of prices caused by these factors, seems to be, among other reasons, responsible for the ever slower movement of the wheel of trade.

Some specialists view with a critical eye the government's insistence on remaining loyal to the principle of "freedom of prices," at a time when—according to them—not all the indispensable mechanisms of free competition are created yet. They think that the government, bearing in mind the inflationary spiral our economy is faced with, as well as the experience of other countries with more developed market economies, should largely use the mechanism of ceiling prices for both wholesale imported goods and retail traded ones.

Prices of Some Articles on Wholesale and Retail Markets

Article	Wholesale Price	Retail Price	Difference in Percentage
"Parisienne" cigarettes	36 leks/packet	50 leks/packet	39
"Ulker" biscuits	13 leks/pack	26 leks/pack	53
Matches	1 lek/box	3 leks/box	200
"7-Up" drink	33 leks/can	500 leks/can	51
"Amstel" beer	36 leks/can	500 leks/can	39
Albanian-made beer	30 leks/bottle	450 leks/bottle	31
Salad oil	120 leks/liter	125 leks/liter	4
Albanian-made soap	11 leks/piece	15 leks/piece	36
"Duru" soap	55 leks/piece	80 leks/piece	45
Rice	44.5 leks/kg	55 leks/kg	24
Macaroni	60 leks/pack	650 leks/pack	8
Sugar	52 leks/kg	60 leks/kg	15
"Merlot" wine	83 leks/liter	100 leks/liter	21

Editorial Views Reform of Military Rank System

AU0908190494 Tirana USHTRIA DHE KOHA in Albanian 3 Aug 94 p 1

[Editorial: "Draft Decree 'On Introducing Military Ranks in the Armed Forces of the Republic of Albania' Approved"]

[Text] On the road of reformation and accelerated integration into the democratic system, toward professional qualification and elevation to the height of the mission that the Army has in this system, an important event for all our Armed Forces is the implementation of the Law No. 7750 of 13 September 1993 "On Introducing Military Ranks in the Armed Forces of the Republic of Albania." In support of its application the relevant governmental resolution was passed by the Council of Ministers.

After a long period of study and broad consultations with many officers, be they active, in reserve, or retired, and

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referring to the Albanian tradition as well as to the experience of the armies of democratic countries, the implementation of the aforementioned law and decision offers new opportunities for our Army's further strengthening, compactness, and consolidation.

The resolution of the Council of Ministers offers an adequate solution, linking the military rank to the function. According to the position classifications made during the process of our Army's restructuring, [words indistinct] officer will put on the respective military rank on his epaulet. The heretofore two hierarchies will merge into one single hierarchy, because the position held by the Army officers will be tantamount to their military rank and vice versa.

Naturally, this unification of the military rank with the position and duty performed by the Army officer will qualitatively contribute to strengthening hierarchy and discipline, respecting the function and its corresponding highest rank. It will create a new advanced [word indistinct] which requires the subordinates to execute timely and effectively the orders given by their superiors. It will increase the compactness and efficiency of leadership at all levels, creating along this line the structure of a modern Army.

While saying this, naturally nobody should think that all these achievements could be realized by themselves immediately once the new law is put into effect. The law and other decrees only offer the possibility for their realization. However, to translate these possibilities into reality continous work needs to be done and commitment is required by all servicemen, particularly by those having the highest rank.

[Words indistinct] and hierarchy are complex. The law, the decrees, and the approved criteria create for everybody the necessary room for a successful career. With the exception of the most senior officers given particular merits for serving the national homeland and for high results in carrying out their functional duties, everybody else is entitled to promotion in rank several times during their career. On the other hand, for grave or repeated breaches of discipline or because of incapability to carry out the tasks [passage indistinct] ministry have the competence to downgrade an Army officer one rank, and the second demotion can take place only five years after the first one.

The conclusions stemming from the content of these two articles is clear; there are juridically defined criteria for both earning and losing rank.

The military rank and the position attached to it cannot be obtained a priori and they are neither swaggering titles to secure personal privileges nor a weapon for arbitrarily opposing and punishing subordinates. The military rank is knowledge, work, esteem, honor, concrete capability, power, and reward, but it is also self-respect and civil and professional obligation, it is hierarchy and discipline.

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'Political Formations' Discuss Coalition

AU1008171494 Sofia Khorizont Radio Network in Bulgarian 1500 GMT 10 Aug 94

[Text] At a meeting today with Filip Dimitrov, chairman of the SDS [Union of Democratic Forces] National Coordinating Council, Khristo Kurtev and Ivan Glushkov proposed signing an agreement on political cooperation between the SDS and the federation recently formed by the Kingdom of Bulgaria Union and the Christian Agrarian Party [led by Kurtev and Glushkov, respectively].

The SDS press center announced that, in the view of the participants in the meeting, the signing of an agreement would be the first step in political cooperation between the two political formations. The next step would be the formation of a coalition.

During their talks with the chairman of the SDS National Coordinating Council, the leaders of the new coalition established that they hold common views on the main political problems facing the country: the need to force the resignation of the government, dissolve parliament, and hold early parliamentary elections by November at the latest.

Democratic Change Party Rejects DPS Cooperation

AU1008191694 Sofia DEMOKRATSIYA in Bulgarian 5 Aug 94 p 1

[Text] Kurdzhali—The Party of Democratic Changes has set up its structures in dozens of centers of population, including Ruse, Plovdiv, Silistra, and Asenovgrad, its leader Mehmed Hodja announced. He asserted that he would not sit at the same negotiating table with the current leadership of the DPS [Rights and Freedoms Movement] on the eve of future elections. Mehmed Hodja threatened to leave the country in protest and apply for citizenship in another democratic state if the state institutions fail to react adequately to the statements that Ahmed Dogan [DPS leader] made at Sofia airport, which threatened national security. The scandal might be hushed up, and this would mean that the security of Bulgarian citizens is indeed in question, he said. I have the feeling, Hodja added, that the DPS leaders show an evident desire to promote ethnic confrontation.

The former DPS National Assembly deputies Mehmed Hodja, Ismail Ismail, Receb Cinar, and Prof. Dimitur Sepetliev have been left outside any parliamentary group now that the supporters of Ludzhev and Pushkarov have united [to form the New Choice parliamentary group]. They will decide after the summer vacation whether to join another parliamentary group. By then, they expect the processes now under way in parliament and the SDS [Union of Democratic Forces] to become clear.

According to Hodja, the political autumn promises to be full of unknowns, and the situation might develop in a number of directions. Personally, he does not think there is much chance of a new government being formed with the support of a new majority formed from the membership of the current parliament.

Economist Sees 'Modest Revival' in Production

AU1008191094 Sofia 24 CHASA in Bulgarian 5 Aug 94 p 19

[Article by Emiliya Danailova, head of the Economic Analysis and Business Statistics Section of the National Statistics Institute: "Production Decline Slows From 12 to 4 Percent in One Year"]

[Text] During the first half of 1994, production fell by only 4 percent, and the first signs of a modest revival can be seen. The change is due to the efforts of the private sector, which succeeded in making up for the decline in the state sector.

In the first half of 1993, the state enterprises (not including agriculture) recorded a decline in production of 12 percent.

In March 1994, for the first time in four years, production reached the level of the indices of the same month of the previous year. In June, industrial production reached 35.6 billion leva, which is 4.6 percent higher than in June 1993.

The engineering and electronics industries have begun to emerge from the crisis that has affected them in recent years. In June, engineering even recorded an increase of 5.5 percent. During the entire six-month period, production in this sector declined by 2.7 percent, as compared with 33.5 percent in the same period in 1993.

Other sectors showed signs of revival even in 1993. These include ferrous and nonferrous metallurgy, the chemical and petrochemical industries, and the glass and pottery industries.

Production continues to fall in the state food, tobacco, and textile enterprises. It is hoped that private entrepreneurs will rehabilitate these traditional branches.

At the end of June 1994, private food producers were responsible for 40 percent of the production of the entire nonstate sector.

In mid-1993, the private sector was still unable to compensate for the decline in the state sector. However, at the end of the first half of 1993, the state and private sectors together reached the level of production of the previous year.

The private sector increased its output by 40 percent. It was especially active in trade and building construction, being responsible for 60 percent of overall trading activities and 41 percent of construction. The construction industry increased its output by 14 percent.

The majority of private companies—over 80 percent—are small- and medium-sized businesses, that is, their

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annual earnings are up to 1 million leva. Only 1.3 percent of private companies report an annual turnover in excess of 10 million leva. Despite this, replies to questionnaires show that 43 percent of the companies are confident about the future of their businesses. However, only 7 percent of them are satisfied with the present state of their businesses. The remainder either plan to expand their activities or put the accent on improving quality. Some 75 percent of companies have steady business and regular customers, while only 18 percent have difficulties in finding customers.

Many small firms hope to attract foreign capital. They make up less than 10 percent of the private sector.

At present, private companies are suffering from the effects of high taxes and interest rates, not to mention the legislative confusion.

The economic revival is proceeding slowly because the producers have lost their traditional markets and have difficulty in finding new ones. Trade in the domestic market has also declined.

Even in the middle of the year, both private and state companies report that they do not have sufficient orders to fully utilize their production capacities.

At the end of June, state enterprises were utilizing only 55 to 69 percent of their production capacities, whereas private firms were using 65 to 70 percent. Only 17 percent of state companies and 42 percent of private companies are using over 80 percent of their plant capacities.

At the moment, investments are also less than expected, one of the reasons being the amount of equipment that is not being used. In this situation, the limited investments are used for maintaining and restoring existing equipment and plant.

Little money is spent on buying patents, licenses, know-how, and other nonmaterial assets. Even private companies are backward in this area. Half of them plan no such expenditure in 1994.

The companies are suffering financial difficulties, and often their customers become insolvent. Enterprises owe debts to one another and become commercial creditors of their own debtors.

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Article Assesses Parties' Orientations

AU1008201594 Prague DENNI TELEGRAF in Czech 2 Aug 94 p 3

[First installment of article on "Profiles of Political Parties" by Jan Hartl from the Center for Empirical Research (STEM): "What Are Left-Wing and Right-Wing Parties? Profiles of Political Parties, Part I"]

[Text] "Left wing" and "right wing" have evidently become household terms on our political scene in recent years. They have become routine names, established conventions, and not even sociologists and political scientists protest against the frequent use of those terms. In many Western countries, on the other hand, these terms are currently considered controversial, and some experts prefer to avoid them.

The situation in our country is different. The terms "left wing" and "right wing" seem to be clear, and most citizens of our republic have no difficulty assigning their own place on the left-right scale. People's "left-wing nature" or "right-wing nature" can be diagnosed indirectly—for example, from replies to a series of questions ascertaining the respondent's view on the relationship between the citizen and the state, on the needed extent of redistribution of financial resources from the center, on a collectivist or individualistic arrangement of society, on the extent of social solidarity, and so forth. On the basis of such a series of data, the computer can compute the so-called "right wing/left wing index." However, people's "left-wing nature" or "right-wing nature" can also be surveyed by means of a direct question, by the respondent's self-classification on a submitted scale. The experiments of the Center for Empirical Research (STEM) have shown that a high level of concurrence between the indirect index and the direct question exists in the Czech Republic at the present time. For the sake of simplicity and lucidity, we therefore give preference to self-classification on a five-grade scale. The basic distribution of the population of the Czech Republic on the left-right scale, as revealed by the exceptionally extensive "Elections 1994" survey, which involved 11,674 respondents over 18, is shown by the following table:

	Percent
Clearly on the right	10.8
Tending more to the right than to the left	27.2
Center	43.1
Tending more to the left than to the right	15.6
Clearly on the left	5.1

As transpires from the table, we find in the Czech Republic a high proportion of people who identify themselves as being of "right-wing orientation." In 1992, this was true of more than 50 percent. In 1993, this share dropped to 40 percent, while the decline this year is almost negligible. Comparable data from our neighboring countries show that, in 1992, there were 10 percent fewer followers of the right wing in Slovakia, 25 percent fewer in Poland, and as many as 50 percent fewer in Hungary.

In 1990, our society was essentially a "center society." After the first free elections in 1990 and at the beginning of 1991, the longing of the population of the Czech Republic for a more forceful assertion of social and political changes manifested itself in its significant gravitation toward the political right. Being "right wing" was understood to mean being interested in radical changes. Such a distribution was unrealistic, and a gradual drift back toward the political center followed. It could be observed particularly during 1992 and 1993. At present, gravitation toward the political center manifests itself only very weakly. Over the past two years, the oversized [predimenzovana] "right wing" became less numerous, the center became stronger, while the left recorded only negligible gains. At the same time, the distance between extreme right-wing and left-wing positions has been subjectively reduced. Today, the right:center:left distribution is approximately 40:40:20, similar to last year. The distribution in 1992 had been 50:30:20.

The table below shows the present classification of political parties on the left-right scale according to the composition of supporters of those parties. The numerical value given is the average value of left-right self-classification in the group of supporters of individual parties. Standing clearly on the left has a value of - 2, tending more to the left than to the right a value of - 1, being in the center a value of 0, tending more to the right than to the left a value of + 1, and standing clearly on the right a value of + 2.

Classification of Supporters of Individual Parties on the Left-Right Scale

Communist Party of Bohemia and Moravia [KSCM]	- 1.19
Left Bloc [LB]	- 1.03
Party of the Democratic Left [SDL]	- 1.03
Left Bloc Party [SLB]	- 0.86
Czech Social Democratic Party [CSSD]	- 0.34
Liberal Social Union [LSU]	- 0.12
Free Democrats (Civic Movement) [SD (OH)]	+ 0.06
Greens	+ 0.09
Czech-Moravian Center Party [CMSS]	+ 0.11
Liberal National Social Party [LSNS]	+ 0.24
Christian Democratic Union-Czechoslovak People's Party [KDU-CSL]	+ 0.34
Christian Democratic Party [KDS]	+ 0.40
Civic Democratic Alliance [ODA]	+ 0.51
Assembly for the Republic-Czechoslovak Republican Party [SPR-RSC]	+ 0.69
Civic Democratic Party [ODS]	+ 0.92
Club of Nonaligned Activists [KAN]	+ 0.93
Democratic Union [DEU]	+ 1.32
	(overall average: + 0.23)

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The differences are statistically very significant. The practice of sociological research shows that the right-left classification is at present a highly useful and, to a large extent, cumulative indicator of the political orientation of our population. What such a general classification actually means with regard to individual political parties will be shown in subsequent installments of this series.

Civilian Service Term Reduced to 18 Months

AU1108124794 Prague CESKY DENIK in Czech 6 Aug 94 p 2

[Article by Stanislav Cervinka on a statement by Labor and Social Minister Jindrich Vodicka; date of statement not given: "The Reduction of Civilian Conscription Service Will Go Into Effect on 1 September"]

[Excerpt] As of 1 September, civilian service [alternative to Army conscription] will be reduced to 18 months. All citizens currently serving who have already served 18 or more months will be released from service beginning 1 September. This was stated by Labor and Social Minister Jindrich Vodicka.

This measure will affect approximately 22,000 young men. The government adopted a directive at its 3 August session, according to which citizens who filed a statement refusing to perform their military conscription service before 29 July 1993 and are to serve 27 months in civilian service, instead, are to have their civilian service term reduced to 18 months. [passage omitted]

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President Calls Referendum on Privatization Funds

LD1008205994 Bratislava STV 1 Television Network in Slovak 2000 GMT 10 Aug 94

[Text] While broadcasting Aktuality, we have received in our studio this information from Anton Balaz, director of the secretariat of the head of the presidential office:

According to Paragraph 95 of the Constitution of the Slovak Republic and Article 2, Subsection 2 of the Law of the National Council of the Slovak Republic on referendum procedure, and following the National Council's resolution of 12 July of this year, Michal Kovac, the president of the Republic, today called a referendum in which eligible citizens should answer the following question: Do you agree that a law be passed on proving the origin of financial means used in auctions and privatization?

The referendum will be held on 22 October 1994.

Government Document Outlines Economic Policy

AU1008122594 Bratislava NARODNA OBRODA in Slovak 29 Jul 94 pp 19-20

["The Slovak Government's Economic Policy in 1994 and 1995"]

[Text] The government document we are publishing today is the first since November 1989 to be drafted on such a scale. It not only outlines the government's priorities and economic policy concept until the election and the end of the year, but also contains the main objectives for next year, regardless of the government that enters office after the election. Economic priorities, such as foreign policy, do not usually change with a change of government. We are not publishing the introductory chapter, which describes the current situation and previous development, on the one hand because of the length of this chapter and, on the other, because the departments' partial results have already been published. Finally, the reader will be more interested in an outline of future development.

The Slovak Government's primary objective in 1994 is to create the conditions for renewing economic dynamism in the years to come. The main aims of the government's economic policy in 1994 are to speed up the process of transformation, attain macroeconomic stability, and achieve better coordination between macroeconomic and microeconomic policies. The Slovak Government has defined the main macroeconomic objectives for 1994 as follows:

—To approach zero growth in the gross domestic product [GDP].

—To maintain price increases between 10 and 13 percent.

—To keep unemployment under 17 percent.

—Not to exceed the planned budget deficit of 14 billion korunas [Sk].

In 1994, the Slovak economy will probably near the end of the phase of economic recession. The forecasts for 1994 envisage a reduction in the decline in the GDP of between 0.0 and - 2.7 percent. Favorable developments in the foreign economic environment—that is, signs of the beginning of prosperity and a decline in interest rates among our most important trading partners (the FRG, Austria, and the Czech Republic) and in other countries, the subsequent and anticipated revival in investment activity abroad, and a recovery in world trade—could contribute to this.

An improvement in the employment situation in 1994 can no longer be anticipated. The immediate situation on the labor market, as well as the forecasts, indicate that there will continue to be considerable imbalance on the Slovak labor market because the extent of unemployment contingent upon structural-frictional factors will be minimal [rozsah nezamenanosti strukturalno/frikcnej podmienenej bude minimalny]. This means that the processes involved in restructuring the economy in 1994 are still not taking place fast enough, and, at the same time, this is a sign that, as a consequence, in the Slovak Republic, the scope for the locale-related and professional mobility of labor is narrowing down objectively. It is ceasing to be economically effective, from the short-term point of view, to implement more comprehensively the retraining and other programs contained in labor-market policy. Therefore, the government sees the only fundamental solution in dynamic restructuring and economic recovery, which will also bring an increase in aggregate demand, and in regulating the development of real wages or, as the case may be, in a combination of them.

The Slovak Government is determined to speed up the processes of privatization, restructuring, and economic recovery and thus also to stabilize employment and the situation in the social sphere. In this regard, the government has already adopted and will shortly adopt a series of specific measures.

In the privatization sphere, the Slovak Government has decided to begin the second wave of coupon privatization. The list of enterprises intended for the second wave of coupon privatization will be completed in the coming weeks. Before then, the individual departments will designate those enterprises in which it is necessary for strategic or public-interest reasons to maintain state influence. At the same time, the government is preparing a comprehensive plan to develop the public sector in the Slovak economy.

The Slovak Government has adopted measures to improve budget management. In an effort to ensure that its aims are achieved, maintaining the fiscal deficit in 1994 at approximately 4 percent of the GDP, the government is taking steps that will lead to fiscal consolidation, macroeconomic stability, and increased efficiency in the economy and that will make the survival of the health-care and education sectors possible. At the same time, it will adopt measures to eliminate the impact on

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the socially weakest strata. The government is convinced that it will succeed in maintaining the conditions for social peace.

Active measures on the revenue side of the state budget should bring in additional income amounting to Sk5.5 billion. Effective 1 August 1994, more than 10 percent of goods will be switched from the 6-percent value-added tax band to the 25-percent band. This measure should bring in additional revenue of Sk2.5 billion. Effective 1 August 1994, consumer taxes on beer, spirits, tobacco, and select oil products will be increased by an average of 10-15 percent. The additional revenue for the state budget is estimated at Sk1 billion. Effective 1 August 1994, fines and penalties will be increased; this should increase revenue by Sk0.1 billion. The levy on the balance of the National Bank of Slovakia [NBS] will be increased by Sk4.6 billion, and adjustments amounting to Sk0.2 billion will also be made to other nontax revenues. By further increasing taxation efficiency in claiming arrears and duties for the years 1991-94, improving investigative activity, and tightening the conditions for providing tax relief, and so on, the government intends to increase the state budget's revenue by Sk10.2 billion.

Active measures on the expenditure side of the state budget should lead to a reduction of Sk2.22 billion. By using agricultural subsidies more efficiently, expenditure will be reduced by Sk0.4 billion. Reducing the population's heating subsidies as of 1 June 1994 will mean a reduction in expenditure of Sk0.2 billion. Reducing the subsidies for intercity transportation by 10 percent by increasing the maximum fare will have an anticipated effect of Sk0.32 billion. By reassessing the procedures paid for from the Health Insurance Fund and using the savings made and the revenue to pay for the losses in health care, it is envisaged that savings of Sk0.4 billion can be made. It is envisaged that savings of Sk0.5 billion can be made by reducing expenditure on defense by 0.5 percent. By amending the law on the State Health Fund, it is planned that some debts, amounting to Sk0.4 billion, will be paid from the revenue from the privatization of health-care facilities.

To forestall the unfavorable effects of the unjustified rise in wages, the government has adopted measures to check wage demands in entrepreneurial entities in banking, insurance, and the production and distribution of electricity, gas, steam, and hot water. By Decree No. 165/1994, effective 1 July 1994, it has determined the amount of the regulatory levy for the entrepreneurial entities that, in the period under assessment, show a loss or make a profit.

By using foreign resources, the Slovak Government is preparing to restructure the enterprises and the banks in view of the demanding financial nature of the processes involved in restructuring. Optimizing the legal courses of action in the bankruptcy procedure and arbitration proceedings, the position of the NBS, and supervising the banks are critical factors in the process of restructuring. It will be necessary to orient the regulatory and supervisory mechanisms of restructuring toward increasing the capital of well-endowed banks and the competitive environment in the banking sector. This necessitates introducing tough budget restrictions and preventing the further inflow of funds into these entities, and strengthening the legal framework of bankruptcies and arbitration proceedings so that the obstacles to restructuring are removed. The government envisages that, within the framework of the restructuring program and on the basis of the EFSAL [Economic and Financial Strategic Adjustment Loan] loan, two projects will be drawn up. The first project will deal with restructuring the enterprises and the banks. The main aims of this program are: (a) support for the privatization process (coupon privatization, standard methods, and liquidation) and (b) creating an environment of motivation for the banks so that they play an active role in financing the restructuring of the enterprises. In the short term, this involves improving the quality of the banks' management and, in the medium term, further privatizing the banks and restructuring their portfolios. The second (support) project will be oriented toward restructuring the labor market.

By working out diagnostic studies for 20 enterprises bearing the heaviest credit burdens, the government will give support to their restructuring. The studies will also contain plans for broadly conceived restructuring of each enterprise, including plans for their possible liquidation. The USAID [U.S. Agency for International Development] will provide "technical assistance," which will establish conditions for the problem-free extension of the EFSAL loan by the International Bank for Reconstruction and Development [IBRD] (World Bank).

In the forefront of the interest of the Slovak Government will be the implementation of the "Stabilization and Restructuring Privatization Program" of the Slovak Government and its intentions. The aim of this program is to manage, in terms of ownership and management, approximately 15 enterprises, to stabilize them by means of restructuring, and to carry out investments in them. The intention of the European Bank for Reconstruction and Development [EBRD] and the National Property Fund [FNM] is to set up and register in Slovakia a "Joint-Stock Company" [preceding three words in English], the so-called Holding SRP [expansion unknown], and to provide it with capital from the EBRD (15 million European Currency Units [ECU's] in equity] and the FNM (5 million ECU's in equity, making use of a grant from the European Union's PHARE [Economic Reconstruction Aid for Poland and Hungary] program) funds.

The Slovak Government will make use also of other foreign resources in support of restructuring. The Slovak-American Enterprise Fund (Bush Fund) currently finances 30 projects, at a total value of $16 million. A grant of 30 million Swiss francs from the Swiss Government will be used for improvements in infrastructure, ecology, health care, and other nonprofit branches.

The Slovak Government will support restructuring processes from internal resources as well. The government will approach very circumspectly the restructuring of enterprises

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that are still in state hands in order to forestall costly investments yielding very small return or no return at all. On the basis of experience of advanced states, the government is considering measures that will concern:

a) organizational restructuring (the enterprise can shed social facilities and give up other unproductive activities or inessential entrepreneurial activities)

b) financial restructuring (measures to eliminate indebtedness exceeding the set limit, measures transforming debt into capital participation).

The government will steer clear of restructuring projects involving investments in new plants and equipment, aimed at modernizing or otherwise improving the state of state-owned enterprises and achieving their profitability. On the other hand, with respect to already privatized enterprises, the government will prepare conditions for subsidized postprivatization technical assistance to the owners and managements of privatized enterprises. This concerns the preparation of business plans providing for the modernization and expansion of production.

The Slovak Government will draft its financial policy as a basis for the preparation of the 1995 state budget. Within the framework of its financial policy, the government will strive to achieve that funds of the projected deficit be earmarked to reinforce restructuring programs (by means of industrial policy, proexport foreign trade policy, regional policy, and technological and research and development policy) and used in support of public investments and programs (particularly infrastructure projects). For this purpose, the drafting of financial policy will comprise the drafting of a transparent program of public investments and an estimate of the development of the debt service.

The monetary program for 1995 cannot be just a passive element in relation to the Slovak Government's fiscal and budget policies. It must be an active cofactor in restructuring and in the renewal of economic growth. The government will establish conditions for this.

Projected Development in 1995

Assuming that the conditions will not change and that the Slovak Government will not significantly modify the present concept of economic policy, it would be possible to expect in 1995, according to model warning prognoses, GDP growth in the range of 0 to 1.8 percent. Assuming an unchanged fiscal policy and the continuation of growth trends from the year 1993 and the beginning of 1994, it is to be expected that, also in 1995, budget expenditures will grow at a faster pace than budget revenues. This would lead to growth of the state budget deficit to Sk16.9 billion in 1995. The development of the consumer price index (CPI) shows that, in periods between economic shocks, the permanent rate of inflation represents 8.5 percent annually. According to the warning prognoses, the total annual rate of inflation could reach a level of 11-15 percent in 1995. Trends in the development of employment suggest that the average level of employment could drop more than 3 percent in the course of the year. The rate of unemployment would concurrently go up. Depending on the development of wages and the variants of GDP development, we expect that the rate of unemployment could move in the range of 18.9 to 20.1 percent in 1995.

The variant of an active restructuring of the economy provides for a greater utilization of external resources, with active participation by the IMF, the G-25, the European Union, and the World Bank. This variant provides for the high costs of restructuring banks, enterprises, and the labor market in the amount of several billion Slovak korunas. This variant assumes a lower level of inflation (of about 10 percent), a 4-percent growth of exports, a budget deficit of 4-6 percent [of the GDP], and the change of some unemployment into structural unemployment. The scenario of successful restructuring assumes the creation of conditions for permanently sustainable growth in the medium and long terms.

According to existing prognoses, the GDP could go up by an average of 2 percent in 1995, the rate of inflation might reach 12.5 percent, the rate of unemployment approximately 18.5 percent, and the share of the state budget deficit in the GDP approximately 4 percent. In keeping with the Memorandum on Economic Policy for 1995, the government will take measures for the state budget deficit not to exceed 3 percent of the GDP, for the rate of inflation (without taking into consideration further liberalization of prices) not to exceed 8 percent, for GDP growth to reach 2 percent, and for the rate of unemployment not to exceed the 18-percent limit.

Overview of Prognoses of Selected Foreign and Slovak Institutions on the Development of the Slovak Economy in 1995
(in percent)

Institution	GDP Growth	Rate of Inflation	Rate of Unemployment	Budget Deficit as Percentage of GDP
OECD	2.0	15.0	18.0	—
World Bank (IBRD)	—	10.0	—	4 - 6
Slovak National Bank	2.0	10.0	—	3.3
Slovak Finance Ministry	0.7	10.0	16.5	—
Center of Strategic Studies of the Slovak Republic	0.5 - 1.8	12 - 15	16.9 - 18	3 - 4

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Infostat	1.9	13.0	16.4	—
Economic University	6.6	10.6	16.3 - 21	—
Economic Institute ofthe Slovak Academy of Sciences	0 - 4	11 - more	—	4

Sources: Draft Points of Departure for Drafting the Slovak Republic's State Budget for 1995, Ministry of Finance of the Slovak Republic; Restructuring for Recovery [English title used], World Bank; Fragments on the Draft "Memorandum on Economy Policy," Economic Institute of the Slovak Academy of Sciences; Quantified Reflections on the Monetary Program for 1995, Slovak National Bank; Memorandum on Economic Policy of the Government of the Slovak Republic for 1995.

The chief aim of the government's economic program for 1995 is to restore trust in the human and economic potentials of the Slovak Republic and to lay foundations in the short term for permanently sustainable economic growth and the attainment of such long-term macroeconomic parameters as would permit the future emancipated integration of the economy of the Slovak Republic into the countries of the European Union and the Slovak Government's advantageous position in the process of negotiations on admission into the European Union. With this in mind, the Slovak Government is determined to take steps to accelerate the privatization process, restructure the economy, further consolidate budget management, and implement proexport measures.

In accordance with its Policy Statement for 1995, the Slovak Government is supremely interested in the continuing implementation of all existing government concepts and programs conducive to the stability of the macroeconomic environment, the growth of economic performance, and the growth of economic and social guarantees in the Slovak Republic. The condition for this is a functioning system of coordinating individual government policies. The Slovak Government will therefore take steps to clearly define the sphere of authority of individual state administration bodies (within the framework of the law on the allocation of authority) and to set up a body for coordinating economic policy.

The aim of the program for 1995 is to keep inflation (development of the CPI) at a level of 10 percent, the main constituent part of which will be the so-called core [preceding word in English] inflation. The government expects moderate growth of the GDP, which should be a reflection of Slovak manufacturers' more dynamic involvement in the expected recovery of world trade, the restructuring of the industrial sector, the growing performance of the services sector, particularly tourism, and the growing private sector. The growth of the Slovak Republic's GDP is generally expected to reach 2 percent in 1995. The government will seek the maximum possible surplus of the balance of payments. This surplus should be created, first and foremost, in the sphere of flow of goods and the sphere of services.

While taking into account the analysis of the state of the economy and the identified crucial problems of the economy, the Slovak Government is setting itself for 1995 the following priorities and is determined to subordinate to them all other economic political intentions and decisions.

1. Transformation

The program of speeding up transformation is based on the acceleration of privatization, on the program of restructuring and privatizing banks, and on the development of the capital market. The government expects that, by speeding up the process of transformation, the share of the private sector in the generation of the GDP will reach at least 50 percent. Gradually, the results of the private sector should become of decisive significance for changes in the effectiveness of production and services. The government will prepare a comprehensive concept for the development of the public sector and will make headway in the transformation of the social sphere, education, and health care.

The government sees the ongoing process of the second wave of coupon privatization, which is the socially most acceptable form of privatization and a method that does not place a burden on the money market as the speediest way of overcoming the preprivatization agony in enterprises, accelerating the privatization process, and developing the capital market in the Slovak Republic. In the interest of speedy privatization, the government will also support, apart from coupon privatization, other privatization methods and the entry of foreign capital into the privatization process.

As a result of the inadequate conduct of the entrepreneurial sphere in the insufficiently developed market environment, interenterprise debts and enterprises' credit indebtedness with commercial banks have increased inordinately. The Slovak Government sees the creation of suitable prerequisites for the adaptation of the entrepreneurial sphere to the new conditions by speeding up the transformation of enterprises, establishing a suitable entrepreneurial climate, and applying specific measures aimed at the financial restructuring of enterprises and commercial banks (with state, FNM, and IBRD assistance) as a means of achieving fundamental progress in solving the aforementioned problems. It is to be expected that the weakening of the dominant position of some financial institutions on the money market, the creation of better legislative conditions, and so forth will result in financial institutions bringing greater pressure to bear on the entrepreneurial sector. The government perceives the successful coping with the aforementioned processes and the launching of progrowth trends as a means of improving the financial situation of enterprises and of restoring to health the financial portfolio of some banks.

Speedy privatization by all possible or admissible means has so far been the basic priority in the transformation of

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ownership. In the period to come, the government will devote the same attention to the creation of prerequisites for increasing real effects in private enterprises. This will involve, in particular, the accelerated consolidation and shaping of the market, such as, for example, the curbing of monopoly tendencies, the equalization of legal conditions for entrepreneurial activity, improved access to credit and other financial resources, the development of the capital market, and so forth, so as to stimulate as much as possible entrepreneurial activities.

The government is aware of the importance of the capital market for the further progress of transformation. In the present phase of transformation, the capital market can help speed up the course of privatization, facilitate the influx of foreign investments, and increase competition on the financial market. In the process of developing the capital market, we will attend to securing its transparency, effectiveness, and control.

2. Macroeconomic Stabilization

The Slovak Government assumes that 1995 will be the turning year of transformation, in which a higher level of macroeconomic stability will be reached and in which economic decline could be halted and slight economic development achieved, provided that use will also be made of external stimuli. By means of its economic policy already in the year 1994, the Slovak Government will give support to the future progrowth processes, which it will further accelerate in 1995. To achieve a stable macroeconomic environment, the government will continue consolidating the budget management and will establish conditions for maintaining a stable exchange rate of the Slovak koruna.

In the interest of supporting price stability and slowing down the decline of employment, the Slovak Government will strive for such a development of wages as will be sufficiently stimulating while at the same time aiding the process of macroeconomic stabilization. By means of an economic policy focusing on support for growth, the government will seek to alleviate unfavorable trends in employment. In close coordination with the Slovak National Bank, the government will seek ways of achieving concurrently a stable price development and a lowering of interest rates.

The chief aim of the government's economic program for 1995 is to establish the foundations for long-term and sustainable economic stabilization and economic growth. With this aim in mind, the government will take steps to maintain an acceptable rate of inflation, to further consolidate the budget management, to carry on restructuring, and to implement proexport measures.

The key strategic target of our financial program is the continuation of the process of fiscal consolidation and the gradual elimination of the state budget deficit (within four to six years). For 1995, the government projects the maintenance of the nominal budget deficit at a level that is lower than the expected 1994 deficit. The government regards a more drastic curbing of the budget deficit, which, on account of growing debt-servicing expenditures and in view of price growth, will considerably narrow down real scope for other transfer payments and expenditures, as unrealistic. Under the conditions of the GDP and price growth, the projected budget deficit of Sk12.9 billion will mean that the share of the budget deficit in the GDP will drop to 3 percent. The main sources of the moderate growth of budget revenues will be, in particular, economic growth and greater revenues resulting from the limitation of tax evasion and tax arrears. With regard to expenditures, the government will adopt strategic measures to alleviate negative tendencies in the development of the state debt, in view of the fact that, after the assumption of liabilities inherited from the federation and from the Slovak state budget deficits of previous years, debt-servicing expenditures have become the main factor complicating the process of budget consolidation in the short term.

At the macroeconomic level, the government will seek coordination with the Slovak National Bank so that the economic policies of the government and the Slovak National Bank are dovetailed. The government will take measures that will allow the Slovak National Bank to ease monetary restrictions without upsetting monetary stability. These will involve, in particular, measures to alleviate the budget deficit and greater activity by the Ministry of Finance, as the issuer of securities, in covering the budget deficit and the state debt. Other government measures allowing the easing of monetary restrictions will have the character of anti-inflationary measures. These will involve, in particular, maintaining a noninflationary development of wages and rejecting all measures that would increase total labor costs, securing such a functioning of the Market Regulation Fund as will forestall permanent food price increases resulting from the seasonal development of the prices of agricultural commodities, as well as measures aimed at improving the state of the competitive environment (mainly in the sphere of distribution).

Economic Recovery, Development, and Restructuring

The Slovak Government will approach the implementation of fiscal policy for 1995 so that fiscal policy becomes an active factor in launching a boom and restructuring process. At the same time, fiscal policy must not sow the seeds for short-term and, in particular, long-term risks in the sphere of monetary policy and the state's debt servicing.

The government will establish prerequisites for improved coordination of fiscal and budget policy with monetary policy. The Slovak Government, together with the Slovak National Bank, will initiate a proexport and exchange rate policy that should strengthen the internal convertibility of the currency and will maintain the Slovak koruna's stable exchange rate and, thereby, establish prerequisites for renewing economic growth.

Another government priority will be to contribute to the establishment of prerequisites for a more favorable

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development of interest rates. The government will take measures to renew the returnability of already extended credits, reduce the share of bad loans in the structure of bank assets, raise the efficiency of the financial system, and increase competition among banks and accelerate their privatization. The government will return to the issue of privatizing the Slovenska Statna Sporitelna [Slovak State Savings Bank] as an institution with the dominant position on the market for deposits.

Fiscal policy will proceed from the need to assist the process of macroeconomic stability and also the process of economic growth. By supporting supply side factors by means of sectoral [sektorova] foreign trade and regional policy, fiscal policy will contribute to making the restructuring processes in the economy more dynamic. Within the framework of drafting the state budget, the government will work out measures introducing tax and credit preferences for exports, as well as insurance of export credits. In addition, it will establish scope in 1995 for drafting a research and development policy and a technological policy, will update the program of support for small and medium-sized business, and will gear policies for individual economic branches toward support for economic development.

Within the framework of continuing the process of fiscal consolidation, the Slovak Government's main concern will be to retain an acceptable rate of inflation (at a level below the 1994 inflation rate) and to keep the share of the budget deficit in the GDP at a level of 3 percent. The decisive role in reaching this target will be played by the reinforcement of the revenue part of the budget, particularly as a result of halting economic decline but also as a result of the continuing transfer of tax proceeds from direct to indirect taxes, a more effective administration of tax collection, increased payments by the Slovak National Bank to the state budget, and greater efficiency of the expenditure part of the budget, the burden on which should be relieved, in particular, by the continuing reform of the public sector and the method of financing the state budget deficit, which should be neutral from the viewpoint of inflation and acceptable from the viewpoint of the development of foreign exchange reserves. The attainment of the aforesaid target is also closely tied to a more effective servicing of the state budget by means of rationalization and improved functioning of the state treasury.

Measures aimed at reinforcing the economy's foreign exchange reserves must be part and parcel of the shaping of a progrowth macroeconomic environment and of the conditions for smooth restructuring. With this in mind, the government will take a number of microeconomic measures geared toward the current account of the balance of payments in its entire structure, will implement a broadly conceived proexport policy, will give support to activities improving the balance of services (tourism, transportation), and will support the influx of foreign investments in the form of both direct and portfolio investments.

In the interest of raising the export performance of the Slovak economy, the government is providing the possibility of establishing an information, consultancy, and marketing center of the Slovak Republic for foreign trade. The reinforcement of research in the sphere of foreign economic relations, too, appears to be a highly topical task.

The government's proexport policy will also be geared toward overcoming barriers such as, in particular, the protectionist policy of industrially advanced countries; the insufficiently developed financial infrastructure in support of export; the shortage of long-term credit resources provided under conditions permitting competitiveness; underdeveloped services associated with insuring export risks; insufficient support for small and medium-sized businessmen in gaining access to foreign markets; underdeveloped organizational, information, consultancy, and promotional support for exporters; inadequate utilization of the means of protecting domestic manufacturers against strong foreign competitors on the domestic market before their entry to the foreign market; and the insufficiently developed system of eliminating technical obstacles to trade (technical, health, phytosanitary, veterinary, and other legal regulations and standards).

Employment policy will pursue the aim of maintaining efficient employment at the highest possible level. In view of the fact that a more extensive application of labor market policy programs runs up against the obstacle of limited resources, is becoming ineffectual, and leads to lower labor productivity, the government is determined to shift the focus of employment policy to the sphere of macroeconomic and other policies—active restructuring, progrowth policy, wage policy, and active regional policy.

With regard to wage policy, the Slovak Government will strive to make the development of wages one of the anchors of price stability. Wage development should contribute to releasing other anti-inflationary restrictions and, in the final analysis, to renewing economic growth as well as growth of employment.

Active restructuring of the economy presupposes greater utilization of foreign resources, with active participation by the IMF, the G-25, and the World Bank. The government is aware of the fact that the financial restructuring of enterprises, the restructuring of the banking sector, the maintenance of the independent position of the Slovak National Bank, and the tightening of bank supervision are the critical factors that will determine the restructuring of enterprises. The key program of restructuring will be the implementation of projects for the restructuring of enterprises, banks, and the labor market currently under preparation (particularly within the framework of the EFSAL loan) and also support for export and incentives for the development of competitive domestic production capable of supplanting so-called exclusive import.

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Filkus Outlines Fiscal Policy Results, Plans

AU1008191894 Bratislava HOSPODARSKE NOVINY in Slovak 2 Aug 94 pp 1, 4

[Letter from Slovak Finance Minister Rudolf Filkus to Peter Kasalovsky, editor in chief of HOSPODARSKE NOVINY; date of letter not given: "Elections Are Not the Horizon for Economic Policy]

[Text] *In a letter to the HOSPODARSKE NOVINY editor in chief, Slovak Finance Minister Rudolf Filkus reports on the fulfillment of the Slovak Government policy statement.*

Unlike politics, the economy is distinguished by great inertia. Political changes manifest themselves almost immediately. The economy reacts more slowly. It was precisely this fact that determined the government's steps in its work in the economic branches. Of course, it did not do so in a way that some people may have expected. We had a choice. We could either adopt some populist measures that would "feather the government's nest" before the elections or opt for the path of responsibility for future developments. The early elections did not become the horizon or boundary for our considerations. An economic policy for only a few months would have generated problems in the future.

This is particularly true of the finance department. The most complicated has been the situation regarding the state budget. The development in the first three months of the year showed that it would be impossible to maintain the state budget deficit at the projected level without changing some specifications on the expenditure side and particularly on the revenue side. It was impossible to close one's eyes to this fact and to pretend that this was of no concern to the present government. We had to eliminate the risks and seek ways out. It was absolutely essential to beef up the health-care and education budgets. To be able to release new expenditures from the state budget, however, we had to consider from which resources the higher expenditures would be covered. The outcome was the proposal and subsequent passage of amendments to some taxation laws and, ultimately, the amendment to the law on the state budget itself.

Active measures on the side of state budget revenues should contribute additional revenues of approximately 5.5 billion Slovak korunas [Sk]. The value-added tax [VAT] rate for about 10 percent of merchandise has been changed with effect from the beginning of August. The change of the VAT rate from 6 to 25 percent is envisaged to contribute an extra approximately Sk2.5 billion to the state budget. With effect from the same day—that is, 1 August—the consumer taxes on tobacco, spirits, beer, and some crude oil products went up by an average of 10-15 percent.

We have adopted some measures to improve financial discipline. It needs to be noted in this context that tax arrears for 1993 still amount to approximately Sk15 billion. Financial discipline completely disappeared from the thinking of many companies and businessmen, which has made it necessary to tighten sanctions. Obviously, the connections of financial discipline are much broader and cannot be confined to sanctions alone.

The government has also curtailed some state budget expenditures. These curtailments ought to reduce expenditures by approximately Sk2.2 billion. Obviously, tax increases and spending cuts cannot be considered popular measures. If the government opted for them, nonetheless, it did so with the awareness of responsibility for developments in future years. Under existing conditions, a state budget deficit cannot be perceived as a systemic step reviving the economy. Rather, it should be perceived as something that sows the seeds for many problems in future years. A deficit is a debt, and debts must be paid for.

Therefore, following up on addressing the risks of the budget management, we prepared the principles and specific measures in formulating the economic policy for the remainder of this year and the entire next year. All of these considerations and points of departure found their concentrated expression in the Memorandum on Economic Policy, a document with which we supplemented our application for the provision of a standby credit from the IMF. The document we drafted is a realistic and reasonable one.

Voices can frequently be heard to the effect that the Memorandum is an IMF diktat. The opposite is the case. The Memorandum is the work of the present government and, on the basis of it, we have actually succeeded for the first time in drawing up a credible concept of economic policy. The fact that the IMF accepted the Memorandum and extended the loan to Slovakia is important in itself. However, even more significant is the fact that this step helped strengthen Slovakia's prestige at international forums. The loan will reinforce the foreign exchange reserves and, in particular, Slovakia's position in the world. It provides a good basis for optimism regarding the implementation of some programs, which, through the utilization of further credits, should result in the recovery of the economy.

The government is contemplating the use of foreign resources in restructuring enterprises and banks. The critical moment in the process of restructuring is the optimization of legislative procedures governing bankruptcies and arbitration proceedings. Regulatory and supervisory mechanisms of restructuring will be geared toward expanding the number of banks that are well endowed with capital and toward expanding the competitive environment in the banking sector. This presupposes applying tough budgetary measures and preventing the influx of funds into enterprises that use them ineffectively and, thereby, actually squander resources that we need to reinforce some other areas.

The public already knows that the World Bank will also become involved in this process; together with the World

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Bank we are preparing documentation for the provision of the EFSAL [possibly Economic and Financial Strategic Adjustment Loan] loan. Two projects are being worked on within the framework of this process. The first addresses the issue of restructuring enterprises and banks. The chief aims of this project are support for the privatization process (comprising coupon privatization, privatization by standard methods, and the liquidation of some enterprises) and the creation of an environment that would provide incentives for banks to take part in the financial restructuring of enterprises. The short-term goal is to raise the quality of the system of bank supervision and to restore to health their credit portfolios. The second project will be aimed at changes in the labor market.

The government is also preparing some other projects, in cooperation with foreign financial institutions. They will bear fruit only in a few months, with the time frame of the operation of some of them spreading even over a period of several years. The fact that some private investment houses from a number of countries have shown interest in investing in Slovakia is also gratifying. Their plans move in ranges of millions and even billions [currency not specified]. Even more than in the legislative conditions for investments, these investors show interest in guarantees of political stability. They are following developments and surveying the situation. Words alone are not enough to convince them.

However, the process of restructuring is not only a matter of foreign resources. The government is creating the conditions for domestic resources to assert themselves. The government cannot, however, be expected to assume responsibility for all companies and branches of the economy. At the very moment it attempted this, it would stand convicted of failure to comprehend the workings of the market.

We have started preparing the state budget for next year. We have agreed that the state budget deficit must not grow any bigger. Quite the contrary, we want to create conditions for its gradual reduction. The most important principle in this context concerns the task to utilize the resources of the projected deficit for reinforcing restructuring programs and investments.

Meciar's Political Portrait Sketched

94CH0355A Frankfurt/Main FRANKFURTER ALLGEMEINE in German 14 Jul 94 p 6

[Article by Berthold Kohler: "The People's Tribune Acts as if Chastened, Yet Remains the Same—In Slovakia, Vladimir Meciar Wants To Get Back Into Power"]

[Text] Former friends have reportedly become enemies and former enemies friends. That is the way things go in life, says Vladimir Meciar, with such matter-of-factness as though this changing of camps had no effect on him at all. And the balance of friend and foe is far from equal. No other former politician in Slovakia has had so many former comrades-in-arms and allies turn their back on him; no one has more bitter opponents than he on the political scene. The very combativeness of the former amateur boxer does not permit a confession as to how seriously the "betrayal" by his old comrades impacts on him or how much his bad reputation abroad affects him. Yet, beneath the suit of armor of the forever dispensing and yet seemingly invulnerable solo fighter, there is a humane and political animal with thin skin that is only rarely recognizable. "Why," Meciar asks in the still socialist ambience of the wine cellar in Bratislava's Hotel Borik over a cup of tea, "why am I so disliked abroad? Is it perhaps a matter of my faith?"

Meciar, the former Slovak prime minister, is the central and, viewed from a distance, most iridescent figure in the cabinet of politicians of the young Republic, even four months after his second defeat as prime minister. The political survival artist, who had already once succeeded in making a noisy comeback, is again busily working on returning to office. When his Movement for a Democratic Slovakia [HZDS] was barely in opposition, it challenged ambitious Slovaks in a newspaper advertisement to strive for leading positions in the administration, the foreign service, and industry: They were to be in place in October, shortly after the election, which had been moved up to the end of September. In the meantime, the chief presented himself in new clothing and not only because he had lost 25 kg of body weight since his removal from power (which was his life elixir). The midday meal with representatives of the foreign press, by whom Meciar felt pursued and maligned for years, is more suitable for a St. Paul than for Saul, and it is almost believable. As charming as ever and always ready with a joke or witty saying, the man with the worst image in the Republic acts as if he had been chastened. He says he had made mistakes. With a straight face, the 51-year-old Meciar even claims to have been an advocate for the Gypsies in Slovakia (whom he had publicly called "a great burden for our society" as recently as last September and whom he had called an especially problematic group, whose birthrate would have to be reduced). The former communist youth official, who had been expelled from the Communist Party in 1970, however, is sticking with one conviction: The political culture in Slovakia is still too underdeveloped, and democracy is not yet stable enough so that one could afford to judge politics only from a moral standpoint.

But that is precisely the point at which his critics see the "true" Meciar flashing through their minds—the Machiavelli against whom the Republic needs to be protected. In the opinion of his opponents, therefore, the advanced parliamentary elections in September involve only the secondary question as to whether the Right or the Left or the liberals will receive the most votes. Moreover, there is reportedly a choice between "Meciar and his authoritarian system" or the final establishment of a "normal parliamentary democracy"; this is primarily the belief of the intellectuals, but not of all Slovaks by far because, despite his political isolation (with the exception of the

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shrinking Nationalist Party, which is becoming radicalized, all parties shy away from proximity with him), Meciar continues to enjoy great support among the people, particularly in his stronghold of central Slovakia. In public opinion polls, the HZDS comes off more than ever as a one-man party, with barely 30 percent clearly ahead of all competitors. It is particularly the simple and older Slovaks who are holding fast to their hero with his simple solutions, who appears to understand their concerns so much better than those who are newly governing and who constantly talk of increases in the value-added tax and indebtedness quotas. The people in the provinces, who, for the most part, were not terribly bad off under the Slovak version of goulash communism, frequently still prefer a strong man over the endless confused quarreling among the parties in parliament. But the role of the sovereign guide of the Slovak nation was and is inscribed on the body of the people's tribune, Meciar.

Meciar's Political Style

His understanding of democracy, which was exclusively oriented toward leading personalities, his authoritarian political style, and his ever-recurring verbal assaults, like those against the Gypsies, were also the reasons that Meciar's closest collaborators opposed him and finally forced them to depose their old master. First, his close confidant and first foreign minister, Knazko, and the HZDS cofounder, Filkus, left Meciar's table. At that time, Knazko accused Meciar of using "lies as a working method". Today, he characterizes him arbitrarily as being "crazy." One year later, Meciar's second foreign minister, Moravcik, and Deputy Prime Minister Roman Kovac departed. They nevertheless all lacked the will to commit "regicide" if another leading HZDS individual of the hour, President Michal Kovac, had not had the political stature to oppose Meciar's political claim to be the only legitimate representative. No sooner had Kovac let it be known that he did not consider himself as a recipient of orders from the prime minister than the latter began working for Kovac's political elimination. For healthy reasons of self-preservation and out of concern for the common good, Kovac chose to flee in a forward direction. Following a flaming speech in parliament, in which the president accused the prime minister of an undemocratic style of government and indirectly of corruption, the hesitant parliament was left with no choice but to depose Meciar, who had been governing for months without a majority. The president, who was elected with the votes from the HZDS for a term of five years, as well as all other "traitors," have since then been on Meciar's long blacklist, right at the top. And lawyer Meciar need not obviously make any effort to commit this to paper because the man has a fantastic memory. Attacks, insults, and offenses, which he defines in very broad terms, are never forgotten by Meciar. The creation of enemies and enemy images, so say his former confidants, is said to be an essential element of his politics, which lives on confrontation and which permits only an unconditional for or against vote for Meciar. On the other hand, Meciar, much like the Slovaks in general, demonstrated a great need for recognition and respect. The fact that Czech Prime Minister Klaus, who is known for being arrogant, treated Meciar as an equal partner in night-long poker games dealing with the unity or splitting of Czechoslovakia and never said anything bad in public about him is still reciprocated by the Slovak with hymns of praise for the Czech, which almost border on deification.

For most of his opposite numbers at home, on the other hand, Meciar has only feelings of scorn, ridicule, and hatred. Meciar wants to have parliament investigate the allegedly unconstitutional actions of the president. He accuses his former deputy in the government, Roman Kovac, of having accepted a bribe from Siemens of $5 million. And the populist, who is washed in all types of waters, considers his successor in office, the reticent liberal Moravcik, with as little seriousness as the latter's somewhat brittle conservative Carnogursky. The decisive duel for power in Slovakia, Meciar knows all too well, will take place on the left side of the political spectrum because even if the HZDS comes out of the elections as the strongest party, as is expected, it will most likely lack the support of a second party to achieve an absolute majority. The way things are, this support could only come from the Party of the Democratic Left [SDL], whose electorate intersects with that of the HZDS and which, for a long time, was not certain during the time Meciar was in office whether it should march with him or against him. But, because the SDL chairman, Weiss, and his parliamentary faction chief, Ftacnik, have clearly turned against Meciar (Ftacnik says of Meciar: "He is presumably manic-depressive"), the HZDS leader has been using his entire tactical smartness to work for a split within the successor organization of the Communist Party, which is by far not as illuminated at the base as it is at the top. Meciar contends that SDL members have already spoken with the HZDS about a coalition between the two parties without Weiss and Ftacnik. Weiss countered by saying that there is a right wing within the HZDS that intends to use Meciar only as an election locomotive and then wants to depose him. Whatever happens with both parties and however the election comes out in the fall, one thing is already clear today. Meciar, who lives of and for power, has long since not given up as a loser; the instability of the political system in Slovakia offers him ample maneuvering room for that purpose. "It is difficult to say whether the victor in the election will also be the true winner," says Meciar, without indicating that he already has a fairly concrete idea as to who will wear the laurel wreath in the end: "Many are called, but few are chosen."

Daily Rejects Criticism of SNS Supplement

AU1008101094 Bratislava SLOVENSKA REPUBLIKA in Slovak 4 Aug 94 p 3

[Statement issued by the SLOVENSKA REPUBLIKA Editorial Office: "Touching and One-Sided Concern"]

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[Text] The statement released by the provisional government on the contents of the Slovak National Party [SNS] supplement carried in our daily is remarkable from several points of view. First and foremost, the SNS staff compiles and is responsible for the contents of the SNS supplement. It has already admitted its mistake, and the editor responsible for the supplement has been replaced. It is clear that this was not—and is not—a deliberate campaign but was a singular mistake from which severe consequences have been drawn.

The government's concern, however, is also touching from another point of view—in particular, that it is only bothered by matters associated with our, the sole opposition, daily. For example, the Slovak broadcasts by Radio Free Europe no longer upset our government, although these very broadcasts obviously involve a major and systematic campaign to cast doubts in advance on the results of the forthcoming democratic elections. Our government is not even perturbed by the chauvinist anti-Slovak attitudes that crop up systematically in some of the local Hungarian media. On the one hand, there is suspicious blindness and, on the other, a touching concern about the purity of propaganda. If, however, the target (our daily) has been selected in advance, then any excuse is enough for an assault.

[Signed] Jergus Ferko

Commission Rules Against DS in Election Dispute

AU1108135194 Bratislava SME in Slovak 5 Aug 94 p 2

[Article by "(asa)": "Will the Democratic Party Go Into the Election in West Slovakia?"]

[Text] Bratislava—According to a statement issued by the Regional Electoral Commission in Bratislava, the Democratic Party [DS] cannot enter the election in West Slovakia. In a statement to our editorial office, the Democratic Party says that it considers the West Slovak Election Commission's decision illegal and politically motivated.

"It is curious that this allegation has been made against the Democratic Party, which is the legal successor to three political entities—the Civic Democratic Party of Slovakia, the Democratic Party, and the Party of Greens—while each of them has met all of the legal conditions for taking part in this election. The Democratic Party states with regret that this allegation was made at the very time when the FOCUS agency and the Slovak Statistical Office began to collect data for their August public opinion polls. These should be among the last polls before the election and will reveal the voters' real confidence in the political parties and movements," the statement reads. According to the Democratic Party, the electoral commission has expressed the view that the party has to furnish proof that it has more than 10,000 registered members and not the over-10,000 votes it received in the last parliamentary election, on which basis the Democratic Party entered this election. The Slovak Electoral Commission should make the final decision today, when it discusses the view expressed by the West Slovak Electoral Commission.

HZDS Deputies Ask Moravcik To Withdraw Bill

AU1108114494 Bratislava SLOVENSKA REPUBLIKA in Slovak 5 Aug 94 p 2

[TA SR report: "An Open Letter to the Prime Minister"]

[Text] Bratislava—Movement for a Democratic Slovakia [HZDS] deputies have turned to Prime Minister Jozef Moravcik with a request to withdraw the government draft law on certain special conditions for the privatization of the power generation and gas enterprises from the agenda of the National Council of the Slovak Republic [NR SR]. The HZDS Press and Information Department yesterday gave TA SR a copy of the open letter sent to the prime minister by the HZDS Deputies' Club in the NR SR.

"We proceed from the premise that this property is essential in providing for society's needs (as is clear from the contents of Chapter 20, Article 2 of the Slovak Constitution), and its current privatization could have the negative consequences of reducing the state budget's revenue, endangering the Slovak economy's ability to compete as a result of increases in production costs, as well as uncontrollable increases in energy costs, which could subsequently manifest themselves in increases in the costs of goods and services," states the letter.

The HZDS deputies recommend that Prime Minister Moravcik adopt a similar course of action regarding this issue as the Czech Republic and Poland, where a five-year moratorium on the privatization of the gas industry has been adopted. In their opinion, this would be to the benefit of protecting the strategic interests of the Slovak Republic and its citizens.

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Foreign Minister Views Relations With Slovakia

AU1008113494 Bratislava NARODNA OBRODA in Slovak 4 Aug 94 pp 1, 7

[Ivan Horsky report on interview with Foreign Minister Laszlo Kovacs in Budapest on 2 August: "Chief of Hungarian Diplomacy on Relations With Slovakia: Priority Is To Eliminate Tension and Develop Broad Cooperation; Hungary Is Interested in a Balanced Treaty With Slovakia"]

[Text] Budapest—Laszlo Kovacs, the new Hungarian minister of foreign affairs, received representatives of several Slovak news media in his office on Tuesday [2 August]. In a conversation that lasted almost 45 minutes he presented the foreign policy priorities of the Horn cabinet. Obviously, he focused mainly on Slovak-Hungarian relations.

He said that Bratislava was the second capital, after Bonn, that the Hungarian prime minister would visit, which in itself demonstrates the importance that Budapest ascribes to our mutual relations. Half jokingly and half seriously he announced that the Hungarian delegation would come to Bratislava by helicopter in order to take a look from above at the Gabcikovo hydroelectric power project, because the Hungarian cabinet considers personal experience very important.

In this context Laszlo Kovacs drew attention to the fact that, in the past, the Gabcikovo-Nagymaros issue had greatly burdened Slovak-Hungarian relations and that politics played a very negative role in the process. In his opinion, the International Court of Justice at The Hague cannot be expected to resolve the whole problem prior to 1997. Therefore, in the interest of saving the flora and fauna of Small Rye Island [stretch of land along the Danube in Hungary], it is necessary to come to an agreement to head off an ecological catastrophe. The two prime ministers should therefore provide the impetus for a solution, the aim of which would be to temporarily divide the Danube waters. Prime Minister Horn intends to ask his counterpart to "authorize Slovak experts to assume a different negotiating position than that which they have held thus far."

As far as the basic treaty between the Hungarian Republic and the Slovak Republic is concerned, interministerial consultations at the expert level began on Tuesday. Hungary does not just want to sign a treaty quickly but, rather, it wants this treaty to be good and lasting, and it wants it to establish a long-term framework for improved mutual relations. Minister Kovacs again confirmed that Hungary acknowledges the Slovak demand for recognition of the inviolability of borders but, at the same time, it wants these borders to become more permeable.

On the other hand, the effort to have both sides undertake in this treaty, the commitment to recognize the rights of minorities in the spirit of valid international documents is appropriate. This is not an issue concerning just the Hungarian Republic or the Slovak Republic, but it is a matter of stability of the region, a matter going beyond the framework of bilateral relations.

The meeting of the prime ministers should also result in the signing of four agreements—on visa-free relations, on the prevention of double taxation, on readmission [of deported illegal immigrants], and on opening three new border crossings. Besides, the Hungarian side wants to discuss the expansion of economic cooperation, especially the improvement of conditions for Hungarian exports. We also want to make headway in the sphere of cooperation in energy, transport, and ecology, which are typical regional issues. "In this respect, we would welcome the founding of a joint Slovak-Hungarian bank. We also want to talk about cultural and military cooperation, about the most important international and regional problems, and about the CSCE meeting to be convened in Budapest in December," the head of Hungarian diplomacy stressed.

[Horsky] A delegation of Hungarian Slovaks called on State Secretary Tabajdi on Monday. What do they expect of the basic treaty? And, in general, is it at all important that Hungarian political parties in Slovakia and Hungarian Slovaks become positively involved in the drafting of the basic treaty?

[Kovacs] This is not only important but necessary because one of the fundamental issues to be addressed in the basic treaty is settling the status of minorities. The well-known Polish proverb: "Nothing about us without us" applies also to this case. Governments cannot negotiate on the status of minorities and on recognition, guarantees, and the practical implementation of their rights without getting to know the relevant minorities' views. The Hungarian Government must know what the Hungarian parties in Slovakia are thinking about their situation and rights, and we must also know what Hungarian Slovaks think about those issues, and what problems they have. A basic treaty that does not take into consideration minorities' interests would be pointless.

[Horsky] You have mentioned mutual obligations. Some Hungarian politicians in Slovakia are of the opinion that it must be specifically laid down in the treaty how the position of minorities will be improved. What are your ideas? In which form will this appear in the basic treaty?

[Kovacs] We have two possibilities. We can refer to international documents. But there is also another possibility—to specify the rights of minorities in the spirit of those international agreements and using their formulations. We consider this solution more acceptable. From the viewpoint of the minorities, it will be better if the treaty contains specific proposals for solutions. This is easier to control and one can then hold someone accountable. The presence of guarantees in the treaty will add weight to it. If it contained only general principles,

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we would achieve nothing. We must bear in mind that, although the issues of borders and minorities are equally important, they cannot be assessed in the same way. The inviolability of borders can be dealt with by means of a declaration, it is a one-off action. Minority rights, however, cannot be secured by a declaration. It is a question of recognizing those rights, of their constitutional and legal guarantees, and their practical implementation. There exist many details. If we do not achieve a resolution of those details, the theoretical declarations will be worthless. By becoming a member of the Council of Europe, Slovakia undertook to adopt a declaration and, at the same time, a certain control mechanism. Each new member state is under obligation to report every six months on the fulfillment of obligations it assumed upon admission. If there are shortcomings in the fulfillment of those obligations, it must be prepared to face sanctions.

[Horsky] Mr. Kovacs, it seems that Hungary has recently changed its priorities in negotiations with Slovakia. You have moved into the foreground the issue of the Gabcikovo-Nagymaros hydroelectric power project; the basic treaty occupies only second place. Is this impression correct?

[Kovacs] The issue of the Gabcikovo-Nagymaros hydroelectric power project and that of the basic treaty cannot be compared, in the same way that one cannot compare apples and oranges. Gabcikovo-Nagymaros is a specific issue that has professional, economic, navigational, and ecological aspects, the solution to some of which is urgent—others can be dealt with in the long run. The issue of a water supply on Small Rye Island is an urgent one because every day it is the scene of destruction of flora and fauna. The basic treaty is an issue of a different nature. It is an issue of a long-term nature that provides a long-term framework for the development of our relations that will also help solve disputed issues. However, this does not address real problems such as, for example, the question of borders. We consider this a problem only because we feel that it is important for Slovakia that the inviolability of borders be declared. We claim that Hungary has already signed a number of international agreements to this effect, but we are ready to repeat it. We have no reason to evade the Slovak demand. We can again confirm that Hungary has no territorial claims, that we consider the existing borders inviolable, or that we have a shared interest in making the borders more permeable. In other words, this is not a question of resolving a problem but a declaration that enhances trust.

The issue of minorities is a different one. It is a process involving, in fact, the creation of legal guarantees so that the minority issue no longer represents a burden for relations between our two countries and for the stability of the region. It is therefore impossible for me to determine an order of importance for the Gabcikovo-Nagymaros issue and the basic treaty. Another difference between the two issues is that the prime ministers can come to an agreement on the matter of Gabcikovo-Nagymaros even now, if they both want to. Regarding the basic treaty, I am unable to pinpoint such a specific issue because it does not concern ecological or specialist problems but the creation of legal conditions. In other words, we must approach the two issues differently, even if both of them are important—from the viewpoint of bilateral relations and from the viewpoint of averting an ecological catastrophe. Do we want to postpone the signing? We do not want it to be after the elections, but the date of signing the basic treaty will be determined in the course of negotiations. When mutual political will permits the conclusion of a treaty acceptable to both sides, we will sign it. However, we do not think it realistic for the Slovak Government to sign it a few days before the elections.

[Horsky] You are only in the process of forming a definitive view on the issue of Gabcikovo-Nagymaros, but it is known that two opinions exist within the government. On Sunday [31 July] you received certain information from the mayors of Small Rye Island and Minister Baja too, received information—from the Greens. In which direction will the Hungarian Government move?

[Kovacs] It is natural that, during my meetings on Small Rye Island, different problems emerged than at Minister Baja's meeting with the Danube Circle and other environmentalists. Certainly, there exists a number of solutions. The crucial issue for the government is to head off the destruction of flora and fauna on Small Rye Island. The second key issue is to find a solution that will eliminate similar dangers in other areas. However, this is a specialized technical and ecological issue that must be dealt with by experts. At today's government meeting, Minister Baja will surely present the arguments that he received from the Danube Circle, while I will report on the solutions being proposed by the mayors, who represent more than 200,000 people living in the area, and by local experts. I consider it important that this issue not be assessed as a political one—that is, whether the solution proposed by the Danube Circle is politically correct and that proposed by the inhabitants of the Small Rye Island politically incorrect, or vice versa—because I do not see any political differences here. We must decide exclusively on the basis of professionalism. The task of politics is to make sure that this issue is assessed by experts. The inhabitants of Small Rye Island complained to me that, in the last few years, their views were not being taken into account, even though it is they, in particular, who are affected by the problem. I accept the view that the Danube belongs not only to the people of Small Rye Island, but at the same time I must also accept the view that the solution to the issue of Gabcikovo-Nagymaros directly affects the lives of those people. Their views therefore cannot be ignored. The government surely will not close this issue, it merely has to establish a platform for Gyula Horn's talks with Mr. Moravcik and, subsequently, if necessary, submit this issue to parliament because there exists a valid parliament resolution that narrows down the government's

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room for maneuvering. Should we feel, after the government session, that we cannot find a solution in this narrow maneuvering space, we will then have to revise the parliament's previous resolution.

[Horsky] Are you not afraid of the opposition organizing demonstrations?

[Kovacs] The government must make decisions according to its best conviction and not according to whether it is afraid of the opposition. Should the opposition consider the Gabcikovo-Nagymaros issue a political one and want to drive people into the streets, these need not go there to demonstrate for policies directed against the present government, even if this is the demonstration organizers' endeavor. However, this cannot discourage the government from making a decision following a thorough analysis. The fact that, between the years 1977 and 1990, one was going in only one direction and kept fighting the views of one side, and, between the years 1990 and 1994, the views of the other side, will not make it any easier to find a solution. It is precisely because of this that we have arrived where we now stand.

[Horsky] In which area could cooperation develop the best and progress the fastest?

[Kovacs] In the sphere of economic relations, as this is in our common interest. At the same time, we must progress in the sphere of foreign trade. The fact that recently we concluded a quadripartite free trade agreement among the Visegrad Four countries, which facilitates cooperation by gradually eliminating customs restrictions, could help us here. However, the potential for mutual, bilateral economic cooperation, or for cooperation in other spheres of the infrastructure (transportation, ecology, regional cooperation) between our neighboring countries are far greater.

[Horsky] In view of the fact that Romania is also interested in concluding a basic treaty with Hungary, it is to be expected that Budapest will have to face up to a coordinated course of action by Bratislava and Bucharest, as the problems in both cases are very similar.

[Kovacs] We want to sign a treaty with every neighboring state that will correspond to the specific features of the relevant relationship. There are, of course, also common features. For example, when the partner lays claim to the declaration of inviolability of borders, we are ready. When he wants to have a declaration on the renunciation of territorial claims, we are also ready. Every treaty must include provisions for greater permeability of borders. If this issue is topical anywhere, it is definitely so on the Hungarian-Romanian borders because the existing state of affairs is beneath the dignity of Europe and the two countries. Every treaty must also establish recognition of minority rights, guarantees for them, and their practical implementation. There can be differences in the specific formulations, as the actual situations are different. In other areas there can exist other differences, depending on the existing relationship. We can sign a basic treaty with one state, even if it becomes apparent that there is no chance that such a treaty would be concluded with another state. The talks on a basic treaty with Romania started much earlier, but in all those years we have not managed to narrow the gap on questions of principle. It can very well be that the progress of talks with Slovakia will be much faster and that the talks will conclude earlier. However, this is not a race; the important thing is to conclude a treaty of top quality. We will consider good a treaty that meets both Hungarian and Slovak interests, or, as the case may be, Romanian interests, and that will suit Hungarians living in Slovakia, or Romania, or Hungarian Slovaks, or Romanians.

Official on Prime Minster's Office Reorganization

AU1008191394 Budapest MAGYAR NEMZET in Hungarian 10 Aug 94 p 7

[Interview with Administrative State Secretary Elemer Kiss, head of the Prime Minister's Office, by Gabriel Oszy-Toth; place and date not given: "Not All Decisions in Category 3000 Are Secret—Elemer Kiss on the Reorganization of the Prime Minister's Office, Dismissals, and Access to Files"]

[Excerpts] [Passage omitted] [Oszy-Toth] What is your actual task?

[Kiss] The most important element of the office's tasks is to ensure that the government only receives proposals for decisions that are mature, well-founded, and meet the various professional requirements. Seemingly, this is a very simple task, but it can only be implemented if we use a very tough system of coordination in the decision preparation phase. [passage omitted]

[Oszy-Toth] After its inauguration, the government announced that it would reexamine the government decisions in category 3000 and that it would make some of these public. These are secret decisions; is it legal to make them public?

[Kiss] I have to clear up a misunderstanding: The decisions in category 3000 are not automatically secret, most of them do not contain anything secret. Whatever is secret will remain secret, it cannot be made public because this would endanger the state's security.

[Oszy-Toth] What is the government's goal in publishing some of these decisions?

[Kiss] The government wishes to make public those decisions that are not secret, but which contain commitments that should also have been made public in the previous period. From the point of view of governmental work, it is important to review these so that the cabinet can learn about the commitments it has to take into consideration in the future. On the other hand, through making these public, the government also declares that it will not make this type of decision in the form of category 3000.

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[Oszy-Toth] Is this actually the investigation of the transfer of secret sums?

[Kiss] I would not say this, rather I would say that these kinds of subsidy issues will have to be dealt with in public in the future.

[Oszy-Toth] Will you personally examine the category 3000 decisions?

[Kiss] These decisions are accessible in the office of records; since some 500 to 800 are made a year, I asked my colleagues to complete examining them by 10 August.

[Oszy-Toth] What viewpoints do your colleagues use to examine these decisions? Will they decide whether they can be made secret?

[Kiss] No. The decision itself clearly shows whether it is secret because it will have "strictly confidential" written on it. As my colleagues have been working in this office for a long time, when they look at a document, they know very well why it is secret. Although this is not a review of secrecy, it is possible to suggest that the secrecy of some material is lifted. [passage omitted]

[Oszy-Toth] Will there be any category 3000 decisions in the future?

[Kiss] Naturally, there will, but the government sees it as an obligation that budget subsidies and undertakings of guarantees will no longer be category 3000 decisions.

[Oszy-Toth] How can we prove that the current government is indeed not hiding financial support in category 3000 decisions?

[Kiss] We wish to include it in the government's statutes what kind of areas the category 3000 decisions can be applied to in the future—and I hope that the government will accept this—and these statutes will be published in the HUNGARIAN JOURNAL. [passage omitted]

Keleti: Coalition Provides 'Bourgeois Democracy'

AU1008075594 Budapest NEPSZAVA in Hungarian 9 Aug 94 p 4

["Excerpts" from interview with Hungarian Defense Minister Gyorgy Keleti by Laszlo Juszt; place and date not given: "Ministers in the Box"]

[Text] [Juszt] You were the first Socialist Party deputy to gain a parliamentary seat in the first round of the elections. However, your nomination as defense minister did not emerge until the last moment, at the end of the coalition talks. In fact, you got this post accidentally, because you were not the first candidate.

[Keleti] There are not too many accidents in life. I last met with Gyula Horn about three weeks before the announcement. This meeting actually convinced me that I was Horn's candidate for this position. I avoided Republic Square for three weeks, to make sure that no one would accuse me of arranging my own post. I was in my constituency when the decision was announced.

[Juszt] You were the first to win, but your party achieved a landslide victory. In your opinion, with 54 percent of the votes, was it absolutely necessary to form a coalition? Or do you share the view that the party should have faced the coming four years alone?

[Keleti] I was in favor of a coalition from the first moment. I think that a parliamentary majority of about 77 percent makes it possible to carry out calm government activity.

[Juszt] At the same time, there are people who say that the first freely elected dictatorship of the proletariat has emerged in Hungary.

[Keleti] Not bad! There are many proletarians in this country, that much is certain, and I have also met with many of them in my constituency. There will be no dictatorship of the proletariat here; we are talking about bourgeois democracy and I think that a coalition political leadership increases the strength of a bourgeois democracy. I would like to give you an example: Interior Minister Gabor Kuncze has to be consulted prior to replacing the head of the Military Security Office.

[Juszt] Why is it necessary to replace the head of the Military Security Office?

[Keleti] I only mentioned this as an example. However, depending on when this interview is aired, it is possible that this will be an accomplished fact.

[Juszt] What is the task of the Military Security Office?

[Keleti] This organization provides protection for professional soldiers from foreign intelligence and also takes care of work related to the protection of military secrets at home.

[Juszt] At the parliamentary hearing, one could hear that there might be problems with officers' pay by the end of the year.

[Keleti] The Army does indeed have serious financial problems.

[Juszt] What if you cannot pay the officers in November?

[Keleti] Things will not get that far. I am convinced that the government will solve this problem. At the moment we have a budget deficit of about 6 billion-7 billion forints. This is a fact. Obviously, the Army will also look into ways to save. However, it is also a fact that the funds needed to preserve the Army's ability to function and its basic functions must be allocated. Even if Finance Minister Laszlo Bekesi is quite firm on this issue and says that there is no money available.

NDSZ Co-Chairman Views Party's Future, Goals

AU1008191494 Budapest NEPSZABADSAG in Hungarian 10 Aug 94 p 10

[Report on interview with Imre Pozsgay, co-chairman of the National Democratic Federation; by an unidentified

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correspondent; place and date not given: "The National-Oriented Have Rapped the Knuckles of the Socialists"]

[Text] I can continue to envisage the National Democratic Federation [NDSZ] as a movement or as a party—NDSZ Co-chairman Imre Pozsgay told us. He characterized the NDSZ mostly as a critical party, rather than an opposition party. Pozsgay continues to distance himself from any political extremism and he would like to finally succeed in uniting the neglected followers of a national center.

"Even before the elections, I counted on the victory of the Hungarian Socialist Party [MSZP] and I predicted 30-35 percent for them, but I predicted fewer votes for the Alliance of Free Democrats [SZDSZ] than they actually received. But the voters were disappointed in the parties governing between 1990 and 1994 and in everything that took place in Hungary under the 'national' slogan"—Imre Pozsgay told us.

Pozsgay regards the genuine national political forces as the losers of the landslide electoral victory of the MSZP, but he also fears that the opposition is weak in Parliament. "I do not fear a dictatorship, because it is impossible to develop a dictatorship without an imperial background. The current international conditions are not suitable for tyranny"—Imre Pozsgay said. "Thus people who might think of this cannot seriously consider such a development. However, every government program comes to an end once, should a party govern for four or eight years. A lack of an opposition also means a lack of an alternative."

About the SZDSZ, Imre Pozsgay said that a national meeting to decide on whether to dissolve the party or to allow it to continue will be held in September. Imre Pozsgay can envisage the NDSZ as either a movement or a party.

Imre Pozsgay thinks that the forces of national center should be united as soon as possible. At the same time, Imre Pozsgay stressed that they do not want to cooperate with any extremist political organization, but they are open to people "of other ideologies who believe in a different national spirit." Pozsgay continued by saying the following: "I am very sorry that the national forces within the MSZP were on the periphery and, thus, the socialists could only stretch their hands in one direction. This also contributed to the emergence of the SZDSZ-MSZP coalition. Of course, the national-oriented people who hit the outstretched hand are also to be blamed."

The NDSZ, which Pozsgay characterized as a critical party, is not preparing for the local government elections, but it does not hinder its members from participating in these elections if they want. If the party dissolves itself in September, the local government deputies will stay in the various bodies as independent deputies. If the delegates decide on allowing the NDSZ to continue its activity, they will prepare for the next elections scheduled for 1998. Pozsgay would like to find coalition partners for the next elections because, in his view, the parties outsides the Parliament can hardly hope to get into the body otherwise. "Whatever happens, I continue to teach at the Political Science Department of Debrecen University, where my students force me to come up with honest and genuine political views every week."

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Glemp Supports Solidarity Draft Constitution

WS1108094994 Warsaw GAZETA WYBORCZA in Polish 11 Aug 94 p 1

[Article by Artur Domoslawski: "In Solidarity With the Church?; Primate Supports the Constitutional Draft by Solidarity"]

[Text] *"The primate's position on the constitutional draft and on efforts aimed at publicizing it is positive and demonstrates his interest," reported Cardinal Jozef Glemp's secretariat yesterday, after an almost two-hour meeting between Cardinal Glemp and Solidarity ["S"] Chairman Marian Krzaklewski.*

Krzaklewski informed the primate about a drive to collect signatures in support of the Citizens' Constitutional Draft, which was prepared by "S." The deadline for submission of citizens' constitutional drafts in parliament is 5 September. "S" must collect 500,000 signatures, but, up to this point, it has managed to collect only 160,000, despite the help of many parishes.

During the Glemp-Krzaklewski talks, "the draft's Christian and national foundations were stressed, as well as the need for the nation to integrate around work on the kind of constitution that would encompass these values."

The draft contains religious elements in its preamble ("in the name of God"), as well as provisions on the protection of life from conception and a statement that a concordat should regulate state-church relations.

The "S" constitution was cocreated by groups associated in the Secretariat of Right-Wing Parties (among others, Jan Olszewski, Antoni Macierewicz, Jan Parys). Krzaklewski also met with the secretariat's representatives yesterday.

Let us recall that a few bishops had supported the draft earlier, with the strongest support having been provided by Bishop Jozef Zycinski of the Tarnow Diocese, who had addressed clergymen in July, saying they should assist the trade union's activists in collecting signatures. Later, however, Bishop Zycinski began to abandon his position. His spokesman stated that "there are no plans for any pastoral letter from the bishop regarding constitutional drafts" and that no priest in the Tarnow Diocese has committed the faithful to place their signatures on the draft.

A few days ago, Polish Episcopate Secretary General Bishop Tadeusz Pieronek stated in unequivocal terms that there can be no question of any church support for the "S" constitutional draft (even though, as he said, he himself would sign the draft). It appeared that the church will not support the "S" constitution in the end.

If the bishops talked only about support for some ideas contained in the draft, there could be no question of political involvement. That, however, is not the case. Words of unequivocal support for the entire document were spoken, which indirectly also means support for politicians such as Krzaklewski, Macierewicz, Olszewski, and Parys. I have major doubts about whether all of the faithful are filled with excitement over that.

The involvement by part of the church hierarchy and the primate himself would prove an especially risky venture for the church's moral authority if "S," along with the right-wing radicals, failed to collect the required number of signatures.

'Slowdown' in Popular Privatization Program

WS1008114494 Warsaw NOWA EUROPA in Polish 10 Aug 94 p 1

[Article by RYCH: "Popular Privatization Program—A Slowdown"]

[Text] *When asked about the implementation of the Popular Privatization Program [PPP], an official of the Department of National Investment Funds at the Privatization Ministry said that the next move is up to the prime minister. We were told at the press office of the Office of the Council of Ministers [URM], however, that it is not true that the chief is on vacation. His agenda for this week included economic issues, among other things, and he discussed them with his advisers. We failed to find out whether the PPP was one of the subjects discussed.*

The so-called third portion of the National Investment Funds [NFI], which comprises 105 enterprises, was prepared in May of this year and was subsequently approved by the Council of Ministers' Economic Committee. From that point, strange things began to happen to the PPP. First, the candidacy of the Ciegielski plant of Poznan turned out to be problematic. Then the prime minister demanded additional information concerning the economic condition of the enterprises included in the third portion. Finally, indirect messages came from URM concerning fears associated with the fact that domestic capital prevails in just one firm from among many that have been listed as qualified to manage the NFI's.

The slowdown of work on the PPP cannot be regarded as a symptom of caring for the national wealth displayed by a good manager because the national wealth will definitely not suffer as a result of the establishment of the NFI's. Moreover, delaying popular privatization aggravates the situation of many companies. The problem must be seen from a wider perspective. Setting the NFI's in motion would lead to a breakthrough in privatization, and it would not be possible then to halt the process.

In too many cases, there was a gap between the practice of political life and official provisions. Dangers to the process of privatization in Poland cannot be ignored. It is worth paying attention to the fact that the PPP is to be implemented on the basis of a statute (which is the law of the highest rank in the country's legal system.) Despite that, a slowdown in the functioning of the PPP occurred.

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Privatization Statistics 'Not Very Good'

WS1108111894 Warsaw RZECZPOSPOLITA in Polish 11 Aug 94 p 5

[Article by Ada Kostrz-Kostecka: "Privatization Statistics; Beginning of the Worst Year"]

[Text] The beginning of the year was not very good as far as privatization was concerned, which brought on a wave of criticism of the governing coalition for holding up the privatization process. In the second quarter of the year, the rate of changes accelerated. Despite that, the first six months of 1993 were slightly worse than the same period of last year: Over the first six months of this year, ownership transformations were initiated at 191 enterprises; a year ago, at 217 (in line with data provided by the Central Office of Statistics). In the second half of 1993, the scale of the ownership transformations that were started had almost doubled and amounted to 420 enterprises.

The stagnation at the beginning of this year was expressed first of all in the small number of enterprises that were sold—only three transactions. In the second quarter of the year, as a result of individual capital privatization, as many as 14 Treasury-owned joint-stock companies changed hands. As a consequence, the six-month balance, 17 sold enterprises, did not differ too much from the results of the first half of 1993, when, in the process of capital privatization, 20 companies were privatized. However, the balance was better than in the first half of 1991 and 1992. In the second half of last year, 26 transactions were finalized. In all, the results from all of last year were twice as good (as far as the number and not the value of transactions is concerned) as those from 1991 (24 sales) and 1992 (22 sales).

Last year's good statistical results (especially from the second half) were first of all a consequence of the fact that many permits for the liquidation of state-owned enterprises were given, especially in the third quarter of 1993, when such permission was given to 192 enterprises. In the first quarter of 1993, the Ministry of Ownership Transformations [MPW] granted liquidation permits to 90 enterprises, in the second quarter to 106 enterprises. In the fourth quarter of last year, it gave such permission to only 42 enterprises—that is, fewer than in the two quarters of this year (first quarter 59, second quarter 75).

If we take a look at the types of liquidation, it turns out that the atypical third quarter of last year was different, first of all, in that the ministry gave an unusually large number of permits for bankruptcy liquidation, forced by the difficult economic-financial situation of enterprises (on the basis of Article 19 of the Law on State-Owned Enterprises). In the July-September period, the MPW did not object (this is what the MPW can do; the privatization itself is conducted by the founding organs) to the liquidation privatization of 144 enterprises. A characteristic trait is that, in the fourth quarter, not even one permit was granted. In the first and second quarters of 1993, the MPW made 57 decisions in each of them; in the first and second quarters of this year, eight and 52 respectively. Decisions on the liquidation for privatization, made on the basis of Article 37 of the Privatization Law, were made at more equal intervals (in the four quarters of 1993, 33 enterprises; then 49, 48, and 42, and, in the first and the second quarters of this year, 51 and 23, respectively). As far as completed liquidation privatization processes are concerned, the second half of 1993 and the first half of this year proved slightly poorer than the beginning of 1993.

The most characteristic feature about the first half of this year was that there were quite a few ownership transformations into Treasury-owned joint-stock companies. From 1 January until the end of June, as many as 57 enterprises were transformed; in the first and the second quarters of 1993, 21 in each of them.

Revenues yielded by privatization were also better. In line with the final calculations of the MPW, in the first half of this year, the budget received almost 3.33 trillion zlotys [Z]. Of this sum, money from the sale of companies constituted Z1.7 trillion. Until the end of June 1993, the budget obtained Z1.7 trillion from privatization, including Z1.65 trillion from the sale of companies.

As the MPW states in its "Privatization Dynamics," all in all, since the beginning of the privatization process, ownership transformation processes have been started in 2,711 enterprises, and 579 of them have been transformed into Treasury-owned joint-stock companies. In 115 of them, shares or stocks are still being sold, or the sale has been completed. Moreover, the MPW has agreed to the liquidation of 961 state-owned enterprises on the basis of Article 37 of the Privatization Law and has not objected to the liquidation of 1,171 enterprises on the basis of Article 19 of the Law on State-Owned Enterprises. Approximately 85 percent of the liquidations for privatization and approximately 20 percent of the liquidations due to poor economic conditions have so far been completed.

State-Owned Enterprises and Treasury-Owned Joint-Stock Companies Privatized or Liquidated Between 1 Aug 1990 and 30 Jun 1994

	Percent
Treasury-owned joint-stock companies	4.2
Enterprises liquidated in line with Article 37	30.0
Enterprises liquidated in line with Article 19	8.8
Enterprises taken over by the Treasury Agency for Farm Property or that have gone bankrupt or are going bankrupt, which are being liquidated in line with Article 19	12.5
Privatization processes under way	44.4.

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Police Patrols Put Racketeers on Run

MM1008140494 London THE GUARDIAN in English 10 Aug 94 p 8

[Article by Julian Borger: "Extortion Rackets Anger Old Warsaw"]

[Text] Warsaw—The narrow, cobbled streets of Warsaw's Old Town may soon echo to the thud of army boots. City authorities want military patrols to stop Russian-style protection rackets infecting the heart of Poland's tourist industry.

Police and local government have been spurred into action by the district's business community, who shut their doors for three days last weekend in protest against extortionism. Even the swarm of street-artists, souvenir-peddlers and buskers joined the "strike", and the central station's buffet shut for four hours.

Patience snapped last week, when thugs dressed in shell-suits toured the Old Town's most exclusive restaurants, breaking glasses, shouting abuse at staff, and assaulting customers.

Hot on their heels came "salesmen" from a "security firm" offering protection and hinting at further harassment if restaurateurs did not sign contracts.

Dealing with protection rackets is a normal part of a businessman's day in Moscow, but it is a relatively new phenomenen in Poland, particularly in the genteel surroundings of the Old Town.

The district (meticulously recreated in the post-war years after the original 17th and 18th century buildings were destroyed by the Nazis) has been trying to overcome its drab communist-era image.

Lantern-lit tables have spread on to the streets outside restaurants serving Polish "nouvelle cuisine". The Old Town has become not only a tourist trap but also the fashionable place for a new breed of business people and professionals to spend their money.

Police have increased their presence this week, and officers have gone door to door with mug-shots. Several arrests have been made and the "security firm" owners are reported to be on the run.

Meanwhile, the regional defence committee (part of the civil defence structure left behind by the communist regime) has called for the police to be augmented by the army. "It's not a question of using the military police for any kind of operations. But, on the other hand, the more patrols of different kinds, the better. It will provide better security," said a defence committee member, Colonel Marian Milowski.

The army patrols are expected to be in action before the end of the week.

Press coverage of the Old Town's predicament has brought a surge of similar stories from around the country. The interior ministry spokesman, Piotr Szczypinski, said the onset of the "Russian disease" was being exaggerated and was far from becoming a nationwide problem.

However, extortionism has become a hot issue in local politics. The mayor of central Warsaw, Jan Rutkiewicz, has said he will withdraw the licences of restaurants that did not join the strike—which ended on Monday—and reward those that did with a week-long rent holiday. Artists who kept their easels folded will get free storage space for their paintings in Old Town cellars.

A bill establishing a witness protection scheme is due to go before parliament. Many of the Old Town's businessmen had refused to identify their tormentors, saying the local police force was infuriatated by underworld informers.

Yesterday, the manager of an exclusive Old Town restaurant still had his doubts about giving testimony: "As soon as any case goes to court, we will have to stand up and give our names, and I can't imagine many people doing that."

Confidence in the police will be pivotal in the battle to keep organised crime from eating away at the roots of Poland's blossoming enterprise culture. The force, staffed by an old guard promoted under the communist era, is widely perceived as corrupt.

That may now begin to change. The national police chief, Zenon Smolarek, who first offered his resignation after press reports linked him to a police corruption scandal in March, finally chose this week to bow out. Few thought the timing was a coincidence.

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Foreign Minister Comments on Moldovan Declaration

AU1008133794 Bucharest Radio Romania Network in Romanian 1000 GMT 10 Aug 94

[Text] Asked by our radio station to define Romania's position in connection with the declaration issued yesterday by the Government of the Republic of Moldova, Romanian Foreign Ministry spokesman Mircea Geoana said:

[Begin Geoana recording] Our ministry took note of and is examining the Republic of Moldova Government declaration issued yesterday, 9 August 1994.

Many elements of suspicion, misunderstanding, and uncertainty regarding the good intentions of the Romanian Government result from the first reading of this declaration.

The assertion that support granted to the opposition could harm relations between Romania and Moldova is groundless. The Romanian Government has emphasized that it wishes to continue to cooperate with all political forces in the Republic of Moldova that share the common strategic goal of Romania and of the Republic of Moldova to ensure the development of economic integration and the consolidation of the common spiritual and cultural space, that work for special relations with Romania, that speak out in favor of national emancipation in the spirit and letter of the Declaration of Independence issued on 17 August 1991, and that militate for democracy and reform and for the association of the Republic of Moldova to the values of European democracy.

It is natural and normal for the Romanian side to cooperate with all political forces that work for the development of relations with Romania and speak out in favor of such actions. It would be inconceivable to act in any other way.

The view of the Romanian Government was clearly expressed in the press statement issued on 1 August 1994 regarding the entire package of issues approached in the declaration issued yesterday by the Government of the Republic of Moldova. The actions of the Romanian Government represent an evident expression of interest in promoting close relations with the Government of the Republic of Moldova and to support the Republic of Moldova in its efforts to overcome the difficulties that it currently faces, to continue the process of economic integration, and to consolidate the common cultural and spiritual space. This principled position was clearly emphasized in the declaration issued by Romania's Government on 1 August 1994.

As a matter of fact, the recent Chisinau meeting of the interministerial committees is telling proof in this respect. The written invitation to pay an official visit to the Republic of Moldova extended to Prime Minister Nicolae Vacaroiu by Moldovan Prime Minister Andrei Sangheli, which was handed over yesterday, 9 August, by the ambassador of the Republic of Moldova to Bucharest, can also be included in the same framework. [end recording]

Open Letter Calls For PNL 'Return' to CDR

AU0908105494 Bucharest ROMANIA LIBERA in Romanian 4 Aug 94 p 3

["Open Letter to the Democratic Convention of Romania," by PAC President Nicolae Manolescu and PNL President Mircea Ionescu-Quintus; place and date not given]

[Text] Esteemed President [of the Democratic Convention of Romania, CDR] Emil Constantinescu,

As you know, the Civic-Liberal Alliance, "the Liberals," was set up on 21 July 1994 with a view to unifying the liberal movement in Romania and achieving unity between the member political parties.

As is apparent from the protocol signed between a CDR member party (the Civic Alliance Party, PAC) and a party (the National Liberal Party, PNL) that asked to be received back into the CDR, our alliance wants to continue all its activities, including the electoral one, within the CDR.

Therefore, in order to contribute to enhancing the democratic opposition's image of unity and efficiency vis-a-vis the current power in our country and in order to curb speculation designed to create tensions among the various ideological trends making up the united opposition, we deem it absolutely necessary that you should use your influence and doctrinaire equidistance, conferred upon you by your position as CDR president, to organize—immediately after finalizing the CDR protocols—a definitive discussion on the PNL's return to the CDR.

We are insisting on this matter in the belief that we are thus meeting you half way in your endeavors to instill balance and professionalism in the Romanian opposition, so as to guarantee its success in the political struggle. At the same time, we beg you to convey the text of this open letter to all CDR member groupings.

Gratefully yours,

[Signed] Nicolae Manolescu, Mircea Ionescu-Quintus

PD Contests PDSR Social-Democratic Claims

AU1008162994 Bucharest AZI in Romanian 5 Aug 94 p 3

["Statement" issued by the Democratic Party Press Bureau; place and date not given: "S.O.S.—The Romanian Social Democracy"]

[Text] In connection with the repeated statements of the Social Democracy Party of Romania [PDSR], aimed at spreading the idea that that party would be a social-democratic one, thus promoting a social-democratic

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policy, and with the so-called opening of the PDSR to receiving all those allegedly animated by the ideals of social democracy, the Press Bureau of the Democratic Party [PD] is empowered to make the following clarifications:

1. The PD has considered and still considers that there is nothing more important now than to halt the deterioration of the living standard of the majority of the population and to stop the process of return to the practices of the communist regime, which was removed from power through the will of the Romanian people in December 1989. Therefore, in its statement of July 1994, the PD has reiterated the political will to reach—along with the groupings belonging to the Democratic Convention [CDR]—a minimal understanding with the PDSR in order to restructure the current parliamentary majority, which is undermined by extremism and restoration nostalgia, to form a competent and credible government, and to work out and implement an anti-crisis and pro-democracy program, which can solve, until the next elections, the people's most acute requirements, by unblocking the process of reform and accelerating the construction and assertion of the state based on the rule of law. All these targets remain topical. However, the PD has always declared and continues to declare that no understanding with the PDSR can have the character of a political alliance based on a common ideological and doctrine foundation; it must remain a means for technical cohabitation. Although it has been and still is continuously slandered and attacked, with venom and hatred, by the most antireform and antidemocratic groupings within the PDSR, the PD has maintained its political offer.

2. However, the PD cannot and does not have the right to resignedly witness the PDSR's attempt to assume an ideological identity which it does not have, that is a social-democratic one, since this would jeopardize the very values of the social-democratic doctrine in Romania.

The PDSR is not a social democratic party through either its composition, real (immediate and future) targets, methods, current alliances, or actual policy.

That party's central leadership structures have given shelter to some of the most aggressive, xenophobian, anti-Western, and anti-Semitic people, who perfectly cohabitate with the Marxist nostalgics, with the exponents of the extreme left, and with certain so-called "apolitical" individuals, who are exclusively concerned with using the levers of power to promote their mean personal interests. Such a conglomerate is neither social-democratic nor (yet) a party in the modern and democratic meaning of the word, but rather a network of interests set up and structured in order to hold on to power solely for the sake of power, since it entails privileges and other advantages.

3. The basic values of social-democracy are freedom, equality of chances, social justice, social solidarity, tolerance, the protection of the needy, pluralism and respect for diversity.

In this respect, the PDSR's policy is totally alien to social-democracy. Indeed, how can a policy be social-democratic when:

—The honest price of labor was replaced by a system of incorrect indexation, which increased the gap between prices and salaries to such an extent that the people's purchase power has been cut in half during the 20 months of the Nicolae Vacaroiu's government;

—Equal distribution of chances was replaced by equal poverty for the most people, coupled with the immoral enrichment of the PDSR's political clientele, a situation which has been reached by blocking the free initiative and the competitive system, by promoting people on the criteria of party membership, by sanctioning the illegal accumulation of wealth, and by launching a so-called mass privatization program, which fosters the most serious injustice and deceit, under the mask of equity;

—Real social protection was replaced by diverting important funds from the state social security budget to the disguised subsidizing of certain bankrupt enterprises and ensuring salary privileges for the political "supporters";

—Social harmony based on the prosperity of the middle class was replaced by an acute social polarization, whereby the number of the very poor goes up, while the very rich are on the point of turning into an oligarchy ready to impose its dictatorship;

—Administrative decentralization and the autonomy of local administration were replaced by a bureaucratic centralism in favor of a Mafia-type network of interests;

—Social Justice was replaced by a system of taxes, which practically confiscates the fruit of the work of those producing assets and gives it to those who produce nothing;

—Economic liberalization and demonopolization were replaced with a new guidance system imposed through a gigantic administrative apparatus, whose announced reduction is nothing but another untruth, as long as the bureaucratic mechanism in the administration, whose main goal is to preserve the old monopolies, is not restructured.

—Respect for diversity and the coherence of the civilian society were replaced by a new antipeasantry aggressiveness, aiming, among other things, at pauperizing the peasants through aberrant taxes; reorganizing the centralist- communist structures in agriculture, such as the National Forum of Agriculturists or the Consultative Council of Agriculture; and resuscitating

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anti-intellectual attitudes, something that is also reflected in the paltry budgets allocated to culture and education;

—The relations of social partnership and loyal cooperation with the trade unions were replaced by the concept of the "conveyor belt" and by the attempt to turn the trade unions into instruments of the state policy; this is achieved by corrupting or blackmailing certain trade union leaders and by attempts at breaking up the trade union movement;

—Respect for pluralism and the multi-party system was replaced by the undermining or elimination of the political opponents and by the destruction of entire parties through most reprovable means (the most recent example being the case of the Agrarian Democratic Party of Romania-PDAR);

—Political transparence and sincerity were replaced by a deceitful propaganda, which again resorts to the old ways of brutally or subtly distorting statistics;

—Human solidarity was replaced by disunity, intolerance, and the provocation of conflicts among the most diverse social and professional groups.

4. The PD would like to remind that the PDSR is not recognized internationally as a social-democratic party and that its exploratory contacts with certain Western social-democratic parties cannot hide the reality that it is not invited to attend the actions of the Social-Democratic International and that it is only accepted as a provisional associate to the proceedings of the Socialist Group of the Parliamentary Assembly of the Council of Europe. In this context, it is edifying that the French Socialist Party, one of the most important members of the Social-Democratic International, has recently called the regime of the current PDSR power in Romania as a "slightly reformed communist regime."

5. Of course, each party, including the PDSR, has a right to exist—as long as it is supported by an electorate of its own—and is entitled to enjoy all elements of its own identity, including its own ideology, regardless of what it might be. However, trying to cause ideological confusion and assume the name of a doctrine which you do not really practice—just to attract a bewildered electorate, as the PDSR is currently doing—is something immoral and inadmissible, which can damage not only the parties subjected to such unloyal competition, but also the respective doctrine and the democracy, in general.

6. Under these circumstances, when the Romanian social-democracy is in jeopardy, the PD again turns to the Romanian Social Democratic Party [PSDR], as a parliamentary party, to the Social-Democratic Alliance, and to all political forces of authentic social-democratic coloring to unite our forces and coordinate our actions in fighting various attempts at sowing confusion among the public at large and at splitting the true social-democratic movement in Romania, so as to ensure the triumph of true social-democratic values, which have brought about freedom, justice, and prosperity in the democratic world.

Agriculture Minister Views Corruption Claims

AU1008191194 Bucharest ADEVARUL in Romanian 6, 7 Aug 94 pp 1, 10

[Interview with Agriculture Minister Ioan Oancea by Ilie Stefan; place and date not given: "The Grain Mafia Jeopardizes the Country's Food Security"—first two paragraphs are ADEVARUL introduction]

[Text] Lately, one can hear more and more frequently an idea circulating about a reorganization at the top level of the Ministry of Agriculture. The person most likely to be affected by it would be the minister of agriculture and food industry himself, that is Mr. Ioan Oancea, whose position is sought for reasons that have nothing to do with agriculture. Major grain dealers, alarmed by the current minister's moves to opposed imports of grain and other agricultural products and foodstuffs, thus trying to save domestic production, are behind the machinations. As a result of the persistent work carried out lately by Minister Oancea, the government has adopted a number of measures to protect domestic production, something that provoked the anger of wholesale dealers who benefit from millions of dollars in commission in state credits. Several marked personalities of the ruling party are also involved in these maneuvers.

In the following interview, Minister Oancea courageously reveals certain facts that belong to the mafia-type intrigue that is undermining Romanian agriculture.

[Stefan] Minister Oancea, recently the PDSR [Social Democracy Party of Romania] held a meeting on the issue of agriculture. How can you explain the absence of the agriculture minister from the presidium of this forum [National Forum of Farmers, FNA]?

[Oancea] It might be explained by the organizers' wish to avoid the presence of too many ministers in the presidium. In any event, I belong to the group of people who can also express competent professional ideas without necessarily sitting in the presidium.

[Stefan] The mass media and even some politicians see a warning—and a very serious warning for that matter—in this act, as far as your seat in this cabinet is concerned.

[Oancea] I want to stress from the very beginning that I did not ask anybody to appoint me to the position of minister. On the contrary, I was persuaded to accept this position at a time when the problem of ensuring the nation's food security was no longer being discussed here in Romania, but somewhere else in Europe and at various grain stock exchanges in the world. In those difficult times for the country, I was asked to set up a team that would be able to rescue the agricultural sector from the difficulties that it was facing. I do not believe that there is one honest person in this country who

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cannot recognize how many positive changes have taken place in agriculture in the past two years.

[Stefan] However, what is the reason for this organizational "improvement" at the central administrative and political level? Is our agricultural sector facing a period of crisis? Is agriculture the most unstable of all economic sectors?

[Oancea] There are difficulties, and great difficulties indeed. However, one cannot talk about a crisis. Not only the statistical data, but also the real state of agriculture and of the food market clearly prove that the lack of food is not the cause of the common people's stress, but their low purchasing power. Today, this is the major problem that everybody is facing. However, slowly, slowly the general economic activity is becoming normal and I believe that, in the not too distant future, each Romanian citizen's home will know prosperity.

Regarding the organizational "improvement" that you are talking about, I am convinced that its reasons are exclusively political. In fact, this was explained by the organizers of the National Forum, who believe that this plan has to be accepted as it is. In any event, agriculture needs real support and if politicians within the PDSR who were appointed specially to deal with general issues of the Romanian agriculture will take action in this respect, this can only please us. The only remark that I, in my capacity as a PDSR member, allow myself to make at this point is that I could have been consulted on the issue of the people who have been appointed to the respective functions and about the program that was submitted to the Forum for discussion. This is not a matter of vanity, but a demand from an expert and a politician who has made an important contribution to drafting the first program for agricultural development that was elaborated by the PDSR.

[Stefan] We know that you have opposed the import of grain and other farm products and foodstuffs. Are there many marked representatives of these importers among those who are making such a fuss about these changes at the level of the ministry and of the PDSR? Are imports still necessary in the future?

[Oancea] Coming from the core of agriculture, if I may say so, I know very well where the evil lies in this sector. I was firmly convinced that the destructive forces that I would have to face come from both inside and outside the country and have the mission of creating such chaos in agriculture as to force Romania to depend on the import of foodstuffs. My belief was intensified mainly in the summer of 1992 when, on purpose, the diesel oil needed by agriculture to prepare for the new harvest was not ensured. The truth of the matter is that, in the fall of the respective year, only half of the land was sown with wheat and Romania was compelled to import 2.5 million tonnes of wheat. As a result of these imports, all kind of wholesale dealers got rich, many of them having been backed by very influential political forces and people. These people were disturbed mainly by our determination to establish order in the agricultural sector. Proof of this is also the fact that whenever I refused to approve a large-scale business or issued norms that were unfavorable to them, the denigration campaigns against the minister and threats of demotions began. The last one was launched as a result of the recent measures to protect agricultural producers.

I suggested to some of them that they change the type of deals they had been practicing, that is, to bring ships to Constanta port and load them with Romanian wheat and other products. They could still pocket just as fat commissions as before for these exports. But they are not interested in such a proposition—except if we give them live animals and, more recently, sunflower seeds that they could export and then re-import as grist.

[Stefan] You have been accused of corruption. Are you a shareholder in the Agricola Bacau? How much land do you owe in Baneasa or other localities?

[Oancea] The truth is that, in spring 1991, immediately after the land law had been promulgated, I was working with the State Agriculture Department and we were overwhelmed by the euphoria of receiving land. All kinds of lists were prepared and they included names of experts who were demanding land from the so-called common reserve. Very late, that is, after I became minister, I learned that my name was also included on one or two of those lists. However, the first compulsory condition for receiving land is the submission of an application in this respect. But I have never asked anybody for land and have never received any land from anybody. You can go to Baneasa or Mogosoaia and ask the peasants living there who is Minister Oancea's neighbor?

The reason for those accusations is different. The moment when the wholesale dealers realized that I was so determined to fight corruption, they counterattacked through specific mafia-type methods, that is, they accused me of corruption. And they did not make these accusations directly, but through some persons who, I would like to believe, only played the role of tools in their hands. I am not a shareholder in the Agricola International Bacau either, although it should be a matter of pride for everybody to be shareholders in one of the most modern stock-breeding units in the world. But in this case also, the same mafia forces that want to dominate Romania's political scene are behind the scandal.

[Stefan] How are the agricultural results this year compared with the year in which you were appointed to the position of minister of agriculture or compared to the results of previous years?

[Oancea] I would like to mention that, compared to the results we had two years ago, grain production will be almost double. This year, we have realized 6 million tonnes of wheat and we have all the necessary conditions

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to purchase about 3 million tonnes from farmers for the consumption and reserves funds, compared to the 900,000 tonnes that were purchased from farmers in 1992. I wish to note that I am talking about state standard wheat, that is designated almost exclusively for bakeries. The filthy speculations that are made about the so-called germinated wheat are only aimed at misleading foreign partners with whom we are negotiating some export deliveries. The autumn crops seem to be richer than ever and if God helps us with two or three good rains, than I have to warn the sugar wholesale dealers not to initiate any kind of imports because we are going to adopt new measures to protect agricultural producers.

[Stefan] If you believe that the political agitation is not the priority issue in agriculture, then what are those priorities? Do you have money to pay the producers?

[Oancea] We are not so much concerned about the problem of money—although money is scarce—as about the unusual costs at which we are compelled to produce our farm products and foodstuffs, mainly due to the alarming prices that we are paying for industrial supplies—including chemical substances—and the high interest rate that we have to pay.

Everything that is being achieved today with the advanced technology is very expensive, far exceeding the people's purchasing power and solutions have to be found to make the animal products, in partivular, cheaper. There are some encouraging signs in this respect. One of them is now evident on the peasants' market where the prices of vegetables has dropped encouragingly for consumers.

[Stefan] Will Romania be able to conclude this agricultural year with positive results? Is it a good year or a bad year?

[Oancea] I would say that one could consider it a particularly good year. The population can rest assured that, from the viewpoint of agricultural products and foodstuffs, Romania has everything it needs. The difficult moment has been overcome and we are moving toward a new stage.

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UN Threatens Strikes as Fighting Escalates

AU1008174394 Paris AFP in English 1720 GMT 10 Aug 94

[By Jacques Charmelot]

[Excerpts] Sarajevo, Aug 10 (AFP)—The United Nations threatened both Bosnia's warring parties with NATO air strikes Wednesday [10 August] amid an upsurge in fighting near Sarajevo seemingly driven by a new strategic offensive by government forces advancing on the capital.

As fighting between the Moslem-led government side and Bosnian Serb forces encroached on the heavy weapons exclusion zone around the city, the UN commander in the former Yugoslav republic warned he would not hesitate to order air strikes if military violations of the zone continued.

Meanwhile a source close to the government's military command said the war had entered a "new phase," with the allied Moslem and Bosnian Croat forces of the fledgling Bosnian federation bidding to lift the siege of Sarajevo and regain control of the republic's central north-south axis.

Lieutenant General Sir Michael Rose, the UNPROFOR commander in Bosnia, issued the air strike warning here in a letter to the Bosnian Serb leader in the Sarajevo region, Dragomir Milosevic, and to Bosnian Vice President Ejup Ganic.

Rose told both sides he had been informed of "serious breaches" of the exclusion zone, reminding them he "would use all available means if necessary to deter these attacks" under the North Atlantic Treaty Organisation air strikes ultimatum," said UN Protection Force (UNPROFOR) spokeswoman Claire Grimes.

But Rose stressed air strikes would be a last-ditch resort if all moves to secure a negotiated settlement—including a proposal to put UN soldiers on the northwest boundary of the zone as a buffer force—were rejected. [passage omitted]

An expert close the military leadership of the joint Croat-Moslem command in Sarajevo told AFP Wednesday that the Bosnian war had entered "a new phase" with the fighting north of the capital.

Bosnian government forces had broken through at Visoko and advanced to the outskirts of Ilijas in a bid to regain from Serb forces the Ilijas to Olovo road to increase greatly the mobility of the government army along the main north-south axis between Tuzla and the Adriatic coast.

The expert added that the long-term objective of the offensive was "deblocking Sarajevo," which has been under virtually constant Serb siege since the outbreak of the war in April 1992.

Commenting on the increased aggression showed recently by the government troops, he added: "A strategy is emerging. They have gone from simple village defence forces to manoeuvring units."

He added that the action was a "pre-emptive" strike to prevent the Serbs, who have rejected an international peace plan dividing Bosnia virtually equally between themselves and the Croat-Moslem federation, from cutting central Bosnia in two. [passage omitted]

An unnamed diplomat said Wednesday that a UN air strike request against the government side would be resisted by the United States, which considers the Moslems have the right to try and regain territory taken by the Serbs.

Russian Says Muslims, Croats Provoking Attack

LD1008142994 Belgrade TANJUG in English 1102 GMT 10 Aug 94

[Text] Moscow, Aug. 10 (TANJUG)—A senior Russian Foreign Ministry official said Wednesday the Bosnian Serbs were making a tactical mistake by not accepting the "Contact Group" plan for Bosnia.

"If they were to accept the plan, it might be rejected by the Bosnian Muslims and Croats," the unidentified official told INTERFAX News Agency.

"Negotiations are in fact ploys to which the Bosnian Serbs do not want to resort. They always act energetically and, as a result, end up as they do," said the official.

He said the developments around Sarajevo which had led to the latest NATO air strikes against Serb positions had been provoked by Muslims and Croats.

The Russian diplomat said he believed the Muslim-Croat side would continue provoking such developments, but the international public did not care and was only concerned with the fact that the Muslims and Croats had accepted the Contact Group plan and the Bosnian Serbs had not.

The unidentified diplomat was the first Russian official to say that the latest NATO air strikes against Bosnian Serb positions were provoked by Muslims and Croats.

It was insisted before him that the Serbs were to blame and NATO had "adequately responded to Serb provocations."

Army 5th Corps Captures Bihac Villages

AU1008154194 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 10 Aug 94

[Text] As we have already said, the units of the 5th Corps of the Bosnia-Herzegovina Army continued yesterday to liberate new territories, and to disarm the paramilitary formations of Fikret Abdic in several towns. These formations have been pushed back on several fronts, and are in total chaos, while parts of the 5th and 6th Brigade

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of the so-called Autonomous Province of Western Bosnia have fled to the territory of the so-called republic of Serbian Krajina, seeking shelter with their ally, the Serbian aggressor.

After the liberation of the villages Sturlic and Trzac, the paramilitary formations this morning started to shell the village of [word indistinct] with a T-84 tank from the area of Omica Brdo. The paramilitary formations are carrying out partial consolidation of the remnants of their units, and are organizing defense along the Johovica-Marjanovar direction.

The 5th Corps has liberated 27 villages on a territory that encompasses 57 square kilometers. Evidence was found in the liberated villages of Trzac and Sturlic that humanitarian aid—which has not entered Bihac since May this year—was sold in local shops. Flour from the United States was found, for example, which was sold in sacks of 50 kilograms for 70 German marks. This has been reported by the Bosnia-Herzegovina Army Press Center.

Abdic Urged To Negotiate

LD1008134394 Zagreb Radio Croatia Network in Serbo-Croatian 1300 GMT 10 Aug 94

[Text] Kresimir Zubak, president of the Bosnia-Herzegovina Federation, today sent a letter to Fikret Abdic in response to Abdic's letter of two days ago. Zdenko Vranjes in Mostar has the story:

In response to Abdic's letter, Zubak explains that he personally has no authority over the Bosnia-Herzegovina Army, but that top civilian and military officials of the Republic of Bosnia-Herzegovina have assured him that they were ready to halt the clashes. In connection with this, Zubak's letter goes on to say, the Bosnia-Herzegovina Army and top civilian officials in Sarajevo have told me that they are ready to send a delegation to start negotiations to find a solution to end the conflict. Zubak therefore urges Abdic to form his own delegation for that purpose, so that talks could start as soon as possible.

Abdic: Fighting To Continue

LD1008130294 Belgrade TANJUG in English 1232 GMT 10 Aug 94

[Text] Belgrade, Aug. 10 (TANJUG)—Autonomous Province of West Bosnia President Fikret Abdic said Wednesday (10 August) he would stay with the people and fight for the defense of the region's autonomy. In a statement made to REUTER News Agency over the phone from Velika Kladusa, the centre of West Bosnia, Abdic denied reports that he had fled before Muslim forces loyal to Alija Izetbegovic.

Izetbegovic's troops are advancing in all sections of the front in West Bosnia, according to a U.N. protection force statement Tuesday. Abdic told REUTER he would not accept the amnesty offered to him by the Muslim government in Sarajevo. 'It is impossible to part me from my people,' Abdic said. 'I will stay with my people to fight for autonomy ... We cannot be defeated, we are unbeatable,' said he.

Abdic denied U.N. reports that Izetbegovic's troops were closing in on Velika Kladusa, but conceded that the towns of Trzac and Sturlic had fallen to the enemy Tuesday. The Muslim authorities in Sarajevo Tuesday passed a law on amnesty for troops of the Autonomous Province of West Bosnia, proclaimed last October in response to Izetbegovic's militant policy.

Army: Abdic Seeking Cease-Fire

AU1108092894 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0800 GMT 11 Aug 94

[Report by Nada al-Isa in Zagreb]

[Excerpt] Fikret Abdic, the traitor from Velika Kladusa, has been appealing for a cease-fire in the Cazin Krajina since early this morning. He is using the representatives of the UN Protection Force [UNPROFOR] French Battalion in Bihac to send messages to the Bosnia-Herzegovina Army 5th Corps expressing his wish for the fighting to end. This news has just now been confirmed in a telephone conversation with the 5th Corps Headquarters in Bihac. [passage omitted]

Situation 'Very Favorable'

AU1008190694 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 10 Aug 94

[Interview with Mirsad Veladzic, Bosnia-Herzegovina minister coordinator for the Bihac region, by Muhamed Mulo in Bihac on 10 August—recorded]

[Text] [Mulo] How do you assess the situation after the defeat and collapse of Fikret Abdic's insane idea of an autonomy in this part of our republic?

[Veladzic] The current situation on the territory of the Bihac Commune is very favorable, and the units of the 5th Corps have started to disarm the paramilitary formations in Pecigrad, Sturlic, and Trzac. Good conditions have been created for the capture of all the vital facilities in the area of Velika Kladusa, that is, for coming out on the border of the Republic of Bosnia-Herzegovina. The mood of the citizens, the people, is great. Yesterday we saw in villages that they were roasting oxen and sheep on spits. The citizens are very happy. They have been very enthusiastic about the arrival of the Bosnia-Herzegovina Armed Forces. We can see that our units are advancing. The chaotic units of the so-called autonomous province are fleeing. They have tried to force out some civilians with them, but the civilians are returning to their homes. We have also seen that a number of members of the paramilitary formations have returned with their arms and surrendered to the units of the 5th Corps.

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The amnesty that the presidency proclaimed last night will make a great contribution to having the paramilitary formations join the units of the 5th Corps, so that this para-state institution, the autonomous province, is finally over. The people here can finally see the light at the end of the tunnel.

[Mulo] Over the last few days the legal authorities of the Republic of Bosnia-Herzegovina have been reintroduced on the liberated territory, and this is a considerable piece of territory.

[Veladzic] As the 5th Corps units capture new areas, the bodies of civilian authorities are organized as soon as they pass through, and the people are enabled to return to their regular work in the fields. The work of schools has been organized, the water system reestablished, and so on. The basic functions have been revitalized, so the civilian structures of authority have been very engaged in returning life to normal after the paramilitary formations have been pushed from Velika Kladusa.

[Mulo] You have lived in Velika Kladusa for a good many years. You have many acquaintances, friends, and relatives there. What message would you now send to the people of Velika Kladusa?

[Veladzic] I would like to tell them to join freely the Bosnia-Herzegovina Army. They should not flee their homes, there is no reason for fear, since this army has never looted, never murdered, never raped. This army will certainly justify the confidence that the people have had in it since the outbreak of war in this region. The people should not fall for the provocations and the propaganda machinery of Fikret Abdic, which—to speak the truth—has been rather quiet over the last few days. They have all sought to save their own skins. Anyway, there is no reason for the people to flee their homes, they are our homes, on the territory of the Republic of Bosnia-Herzegovina. They will have full protection. Those who have committed crimes will be treated justly, humanely, nothing will be done by sidelining the laws of the Republic of Bosnia-Herzegovina. We do not want any violence. We want our people to return to normal lives. We want the autonomous province to be forgotten as soon as possible as it has inflicted such damage to the Bosniak people that it will remain in the memory of all those who lived through it, and will probably be remembered by generations to come.

UN Reports British Helicopter Hit by Gunfire

AU1008170294 Paris AFP in English 1630 GMT 10 Aug 94

[Text] Sarajevo, Aug 10 (AFP)—A British UN helicopter was hit by gunfire Wednesday [10 August] as it took off from Sarajevo airport but no one was injured and it was not immediately clear where the shots came from, the United Nations said.

The incident prompted the UN force to suspend further helicopter flights until Thursday evening.

UN spokesman Dacre Holloway said the helicopter was hit as it took off on a shuttle flight to Kiseljak, where the UN headquarters for Bosnia is based, 25 kilometers (15 miles) west of Sarajevo.

The chopper was able to continue the flight. It was not immediately known where the shots came from. Both Serb and government forces have positions near the airport.

No one was hurt and damage to the aircraft was minimal.

Serb gunfire last month at UN cargo planes prompted an 18-day suspension of the humanitarian airlift into Sarajevo. The operation resumed Tuesday.

Karadzic Orders Mobilization of All Conscripts

AU1008141394 Belgrade VECERNJE NOVOSTI in Serbo-Croatian 10 Aug 94 p 8

[Unattributed report: "Mobilization"]

[Text] Dr. Dadovan Karadzic, president of the Srpska republic, yesterday ordered—claims Serbian Radio Sarajevo—that the computerized checking of data on all conscripts should be completed. Moreover, orders were issued for the mobilization of all conscripts, and the replacement of persons of military age with pensioners, senior citizens, women, and handicapped persons. The orders particularly apply to those individuals who have not participated in combat so far.

Army Inflicting 'Defeat Upon Defeat' on Serbs

AU1008154294 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 10 Aug 94

[Text] Over the last few days the aggressor has intensified offensive activities on most of the Bosnia-Herzegovina fronts. However, the fighters of the Bosnia-Herzegovina Army have inflicted defeat upon defeat on the enemy in unstoppable counterattacks, thus enlarging the free Bosnia-Herzegovina territories.

According to today's statement by the Bosnia-Herzegovina Army Press Center, the units of the 2d Corps have continued to achieve successes.

The fighters of the 108th Motorized Brigade have decisively repulsed the infantry attacks on Donja Brka, which were supported by enemy tanks and artillery.

The successes of the Operative Group 2, particularly of the 111th and the 121st Brigades, have been secured by their adherence to the tasks at hand. They have also displayed heroism. Our units have captured two Broving guns, three antiaircraft machine guns, an M-84 machine gun, and a considerable amount of ammunition and equipment, says the statement by the Bosnia-Herzegovina Army Press Center.

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As for the theater of operations of the 4th Corps, the aggressor has continued to use artillery against (?Bjelivici), Glavaticevo, (Vladice), and the wider area of Konjic.

The enemy has been shelling the free territory of Teslic with tanks and mortars, and the free Zavidovici area has also been exposed to enemy artillery fire.

There has been no peace in the Olovo region, where the chetniks fired incendiary missiles at Olovske Luke, setting the woods and farms on fire.

Following an unsuccessful artillery-infantry attack on Kovacevici, the chetniks have started bringing in reinforcements of men and equipment on the Zvornik front, while at the same time shelling Vitinica and the positions of the 206th Chivalrous Brigade.

As for Tesanj, the aggressor is continuing to attack the defense lines and residential areas. The villages of (Utesic), Mrkotic, and the area of Jelah have been targeted by Karadzic's Serbs. During the day the Mt. Ozren chetniks have been firing incendiary shells at the villages along the Bosna and Usora Rivers. They have been particularly enthusiastic today about the wooded areas in this region, trying to set them on fire.

They have been setting houses and farms on fire on the occupied territory of Doboj, in the region of Sevarlije, (Pribjel), Potocani, and Makljenovac. This has been reported by Mirudin Aldobasic.

Mladic: Bosnian Serbs Must Create Own State

AU1008154494 Belgrade BORBA in Serbo-Croatian 10 Aug 94 p 3

[FoNet-attributed report: "Our Destiny Is the Destiny of People"]

[Text] Pale (FoNet)—We must be firm, maintain our position, create our own state, and live in it together with our people, commander of the Srpska republic army General Ratko Mladic stated for Serbian Television in Pale this evening.

"Our destiny is the destiny of our people," Mladic stressed. "Our enemies are challenging us everywhere and not only have they tried it in Semberija and against the forces of the East Bosnian Corps, they want to resolve the situation on the territory of the former Bosnia-Herzegovina with a war."

"We have made it plain to the people and the world a long time ago that our intention is to create the conditions for the signing of an agreement on total and lasting cessation of hostilities and to resolve the controversial issues with political means," Mladic said.

"Since our enemies do not want this, it has been left to us to stand up to them where ever they attack," Mladic said.

Muslims, Croats Practice 'Soft Ethnic Cleansing'

LD1008164994 Belgrade TANJUG in English 1640 GMT 10 Aug 94

[Text] Geneva, August 10 (TANJUG)—Bosnian Muslims and Croats continue to practice mutual 'soft ethnic cleansing' in their newly-formed federation, United Nations Human Rights Rapporteur Tadeusz Mazowiecki said in his latest report.

After visiting the former Yugoslav republic of Bosnia-Herzegovina from July 17 to 31, Mazowiecki concluded that the authorities of the new Muslim-Croat federation were having little success in stopping mutual expulsions by local authorities.

The Croat-Muslim federation was formed last March under Washington's considerable pressure after a one-year bloody war between Bosnian Croats and Muslims in which tens of settlements were totally devastated and tens of thousands of people expelled from their homes.

Croat and Muslim authorities are moving in a vicious cycle, each side expecting the other to stop the practice of ethnic cleansing first, Mazowiecki said in his report published at the U.N. on Wednesday.

The fact that local authorities include persons accused of war crimes committed in the Croat-Muslim war is a stumbling block in the process of forming a legal state in the Muslim-Croat federation, he said.

Mazowiecki therefore proposed a speedier process of organizing war crime trials, which would, in his view, stimulate the process of interethnic reconciliation.

He said the situation in Mostar was still bad because the line of separation betweeen the Muslim and Croat parts of the city still existed.

A few weeks ago, the city was placed under the administration of the European Union.

About 45,000 Serbs were expelled from the region of Mostar at the beginning of the Bosnian civil war and all their historical and religious landmarks, some of which five centuries old, were razed to the ground.

The situation is similar in Gornji Vakuf, another divided town in central Bosnia, where Muslims and Croats were last year engaged in heavy fighting, said Mazowiecki.

In nearby Bugojno, minority Croats feel threatened, said Mazowiecki and added that local authorities made the return of Croat refugees to their homes in the town conditional on the return of Muslim refugees to Prozor.

In his view, a massive return of refugees is not likely unless the two sides improve their relations locally.

Foreign assistance is needed in organizing administration and even war crime trials on both sides, Mazowiecki said.

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He said the Croat-Muslim federation was evidently unable to become operational without the help of the international community, including the U.N. Protection Force, the International Committee of the Red Cross and the U.N. High Commissioner for Refugees.

SDP Official: Belgrade-Pale Rift 'Farce'

AU1008170794 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 10 Aug 94

[Report by Mehmedalija Sisic on the news conference by the Social Democratic Party of Bosnia-Herzegovina in Sarajevo on 10 August—recorded]

[Excerpt] Chairman Gradimir Gojer first extended his congratulations on the behalf of the Social Democratic Party of Bosnia-Herzegovina [SDP] to the Bosnia-Herzegovina Army for its extraordinary successes on almost all the fronts in the country. These new successes discard any possibility of division within its ranks, and show that the army is the only true guarantor of the sovereignty of this country, Gojer stressed. The military defeat of Fikret Abdic's tiny para-state comes as the climax of the Cazin Krajina's people's resistance to aggression. In Bihac and everywhere else where the fighters have shifted the borders, the borders of democracy have also been shifted, since life according to civilian standards has started to return to the newly liberated areas.

We appeal that all the party politicking stops while negotiations and activities are under way aimed at the liberation [word indistinct], and that all our forces are concentrated in that direction, Gradimir Gojer said at the news conference.

Dr. Zlatko Lagumdzija [SDP deputy chairman] addressed two current issues, and put forward several proposals—a view on the relations between Beograd and Pale, and the situation regarding food, energy suppliers, and other needs of the population for the coming winter period. As for the relations between Belgrade and Pale—which have allegedly been deteriorating recently—it is nothing more than a farce. Whatever they say in Belgrade and Pale, it is nothing new—just more dirty washing, and we have had more than enough of that during this dirty aggression—Lagumdzija stressed. However, only if Belgrade does something concrete, that is, if it recognizes the sovereignty of Bosnia-Herzegovina—as has been done by 87 other countries—and if it allows the deployment of not observers, but effective forces of protection along the recognized borders, only then can the farce stop being just that, Lagumdzija said. [passage omitted]

Serbian Officials in Bosnia, Croatia Hold Talks

LD1008184894 Sarajevo Radio Republike Srpske Program for Abroad in Serbo-Croatian 1730 GMT 10 Aug 94

[Text] The prime ministers of the Srpska republic and the republic of Serb Krajina [RSK] and their aides had a meeting in Bijeljina today. They discussed the political situation and cooperation between the two states following the decision of the Federal Republic of Yugoslavia to impose a blockade of the Srpska republic. Here is what our reporter Zoran (?Zuza) was told by Vladimir Lukic and Borislav Mikelic, the prime ministers of the Srpska republic and the republic of Serb Krajina, respectively.

[Begin Lukic recording] We wanted to inform each other about the situation after the suspension of relations between Yugoslavia and the Srpska republic, bearing in mind that the Srpska republic and the republic of Serb Krajina are linked—that they cross each other's territory, as it were. There are many problems linked with this, so we wanted to see what we could do in the current situation to prevent tensions that we do not need. [end recording]

Journalists naturally wanted to know the RSK government's stances on a proposal for the unification of all Serb lands that was put forward by the Srpska republic assembly. RSK Prime Minister Borislav Mikelic said that unification was a good idea, but that the Srpska republic assembly's proposal came at an inopportune moment for the RSK for following reasons:

[Begin Mikelic recording] Because UNPROFOR's [UN Protection Force] international forces are deployed in RSK territory, because the cease-fire agreement was signed, and the buffer zones have been established. Under such circumstances, when the Security Council is making such moves, [word indistinct] (?it is not fair) that one side makes a decision, without the consent and agreement of the parent country of Yugoslavia. This would give an opportunity to the Croats to attack us immediately. A war would immediately break out everywhere from Slunj to western Slavonia. [passage indistinct] [end recording]

Karadzic: Concessions Mean 'Humiliation'

AU1008190494 Belgrade BORBA in Serbo-Croatian 10 Aug 94 p 4

[FoNet-attributed report: "New Concessions—New Humiliations"]

[Text] Pale—Radovan Karadzic, president of the Srpska republic, said late last night that "the only solution for the Serbian people is to put up resistance to the enemy," and, as he put it, "this should be joint resistance of the Serbian people united into one state which would be facing difficulties for several months, but would finally be recognized."

In a statement for SRNA he made in Pale, Karadzic stated that "setting new conditions for sanctions to be lifted from the FRY [Federal Republic of Yugoslavia] proves that these sanctions have not been imposed because of the war in the former Bosnia-Herzegovina in the first place."

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Conditioning the lifting of the sanctions on the question of Kosovo-Metohija being solved and the republic of Serbian Krajina being returned to Croatia's sovereignty demonstrates how disastrous the policy of surrendering to international community's dictates can be, Karadzic pointed out.

Commenting on the statement by German Foreign Minister Klaus Kinkel in which he, as SRNA reports, "tells Yugoslavia that sanctions will not be lifted if these two conditions are not met," Karadzic said the following:

"It is thereby clearly put that sanctions had not been introduced because of the fighting in the former Bosnia-Herzegovina."

According to Karadzic, Kinkel's statement—about which Karadzic also says that its meaning has not been sufficiently presented to the Serbian people—"points to the fact that with further concessions, Serbia will be facing new humiliations."

The president of the Srpska republic explained that what he meant is "the deployment of observers along the border between the Serbs, along the Drina, as well as interference into Serbia's internal setup through Kosovo, Sandzak, or Vojvodina."

Serb Defense Chief Denies Serbs Rejecting Peace

LD1008191994 Sarajevo Radio Republike Srpske Program for Abroad in Serbo-Croatian 1730 GMT 10 Aug 94

[Text] In connection with the current situation on the battlefields, General Dusan Kovacevic, defense minister of the Srpska republic, held a news conference in the press centre in Pale today. Speaking about the maps and, if adopted, their geopolitical implications for the Serb nation west of the Drina, General Kovacevic said:

[Begin Kovacevic recording] [words indistinct] Krajini, in the Srpska republic and in other parts, (?separated) from their mother nation, from mother Serbia and Yugoslavia. This is the path of aggression. So, what is aggression? Real aggression means to break up a nation into several enclaves and, by implication, to stop it from setting up its own state in which to organize life and power in the way it suits its people.

It is not true to say that the Serbs are being offered a peace plan but that they have rejected peace. We are the side most interested in peace since it is our people who are being killed rather than the people from other parts of the former Yugoslavia. However, being unfair to one nation, the plan provides ample opportunities for the escalation of the current war. We, in this area, [words indistinct]. So, [words indistinct] to come up with solutions to suit all three nations. [Words indistinct] the right to their own state. [end recording]

Ganic Suggests Uniting With Sandzak Bosniaks

AU1108073794 Belgrade BORBA in Serbo-Croatian 10 Aug 94 p 4

[Interview with Bosnia-Herzegovina Federation Vice President Ejup Ganic by Misa Gajic; place and date not given: "Bosnia-Herzegovina Should First Be Recognized as a Single State"]

[Text] *Making certain statements is not enough; one should take steps in the field. If the Serbian leadership invites the international community to monitor the border between Serbia and Bosnia-Herzegovina, that will be a step forward, and if Serbia recognizes Bosnia-Herzegovina, that will also be a step forward. Therefore, some concrete things should be done in order to make progress, Ejup Ganic said, commenting on the new situation between Belgrade and Pale.*

[Gajic] What would you include as concrete steps by Yugoslavia and Serbia?

[Ganic] First of all, the border between Bosnia and Serbia should be monitored by the international public. Then, there should be the recognition of the sovereignty and integrity of Bosnia-Herzegovina, and, of course, a large number of officers of the Yugoslav People's Army are still in Bosnia-Herzegovina along with complete logistics systems and infrastructure. I must say that General Kukanjac revealed much in his recent interview. Therefore, the Serbian leadership knows exactly what is to be done. I think that the time has come for people in Serbia to realize that Karadzic and company have really not only been causing great, great harm to the Serbian people in general, but have also been destabilizing the Balkan region and leading Serbia into wholly uncertain and unstable times.

[Gajic] Opinion is much divided here as to whether there are any written guarantees about what Mr. Kozyrev and Mr. Churkin have said in public, albeit still verbally. Therefore, do you have any information that sanctions on the FRY [Federal Republic of Yugoslavia] will really be lifted if there is a "yes" to this kind of map?

[Ganic] Listen, if Serbia recognizes the sovereignty and integrity of Bosnia-Herzegovina and if it carries out the above-mentioned measures on the border, I think that that will create the conditions to start thinking in a slightly different way. That is something that should be realized above all in the field for the sanctions to be lifted. You see, statements alone are not enough. If a peace solution is reached, if Karadzic's troops are withdrawn, if a real peace solution is reached, one can then expect changes. That is one thing. Second, you must know that Bosnia is a single [cjelovit] state in all these peace combinations. These divisions now are divisions within Bosnia-Herzegovina, and people in Serbia should finally understand this and tell these self-proclaimed Serbian leaders in Bosnia-Herzegovina that Bosnia is simply a single state, and that the Serbian people in Bosnia should seek their own future.

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[Gajic] You have already mentioned a unitary state twice. However, these guarantees have also mentioned the possibility of a confederation between the Srpska republic and the FRY.

[Ganic] You see, no one nation in Bosnia-Herzegovina has the possibility of creating a confederation with neighboring countries; that is, the view of only one nation does not suffice. In this case, the Serbs in Bosnia do not have any exclusive right to form a confederation with Serbia.

[Gajic] Do you possess any information on what is being mentioned in the documents?

[Ganic] Yes, I do. You see, in all the documents and negotiations so far, confederation is a matter of agreement within Bosnia-Herzegovina. It is not being left to a single entity [endikvitet] to have the exclusive right to decide whether there will be a confederation with Serbia.

[Gajic] So, this can be decided only within Bosnia-Herzegovina.

[Ganic] Yes, this should be decided within Bosnia-Herzegovina.

[Gajic] Would your Presidency allow this?

[Ganic] Now that is a more complex issue. If the Serbs want to be linked in a confederation, and if they insist, then the Bosniak Muslims also have that right. As you know, there are some 16 to 17 percent of Serbs in Bosnia and there are, all in all, about 15 percent of Bosniaks in the Srpska republic, so if we are to examine the ratio between the percentages, then the problem simply has a single meaning. Do you see what I mean?

[Gajic] With whom will the Bosniaks want to unite, if they have the same right?

[Ganic] You remember it used to be said that peoples with the same name should unite. You know that a large part of the Bosniak nation lives in Sandzak. This is somewhere around 15 percent of the Bosniak population in former Yugoslavia. That is a far larger percentage than that of the Serbs in Bosnia-Herzegovina as a proportion of the entire number of Serbs in former Yugoslavia.

'Extensive' Serb Regrouping Reported on Mt Ozren

AU1108111994 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1000 GMT 11 Aug 94

[Mirudin Aldobasic report from the Doboj front]

[Text] In the course of the night, Karadzic's Serbs on several occasions shelled the innocent population of the Usora River valley, particularly the villages of Putesici, Mrkotic, and Kalosevic, and the wider area of Jelah. The shelling had no effect, but it is enough that the population had to spend the night in shelters. Also during this time, the chetniks carried out provocations along the defense lines of the 204th Glorious Teslic Hill Brigade. The defense lines of the Doboj and Tesanj defenders also were not spared.

Extensive chetnik regrouping on the northwestern slopes of Mt. Ozren was again reported in the early morning; a column of heavy artillery is said to be moving toward the occupied territory of Doboj.

Combat Continues in Sarajevo, Brcko, Bihac

AU1108093294

[Editorial Report] Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian at 0800 GMT on 11 August carries in its regular 12-minute newscast several reports updating combat activity in the republic.

The studio announcer cites a report by the 1st Corps Information Service and states that "in addition to intense infantry fire along the entire demarcation line on the Sarajevo front, the enemy overnight also used antiaircraft weapons, particularly from Gradine at Orlic, and from Zecja Glava at (?Taljin) Sokak. The chetniks from Zecja Glava fired portable rocket launcher shells at Gazin Han and at defense lines in the region of (?Basici). Movements by the aggressor's military vehicles were observed along the usual routes. A sizable column of 12 vehicles was observed on the [name indistinct]-Vogosca. The enemy also fired green and red flares near the stadium in Lukavica."

Brcko correspondent Hamid Deronjic reports that "throughout the night, the 108th Brcko Motorized Brigade's defense line was exposed to intense fire from the Serb aggressor. The chetniks were most aggressive toward Donja Brka and the wider central defense area. In addition to mortars of all calibers, antiaircraft guns, and antiaircraft machine guns, the enemy last night also used hand grenades. Our positions along the Vranovaca-Omerbegovaca stretch were also fiercely targeted from [name indistinct] and 82-mm mortars from the direction of Omerbegovaca. The region of Djukici was targeted last night by enemy antiaircraft guns and 60-mm and 82-mm mortars. At 2316 [2116 GMT] last night, an enemy helicopter was reported flying along the Pelagicevo-Brcko route, which confirms the fact that the aggressor continues to bring in reinforcements to the Brcko front."

Nijaz Banjanovic, the correspondent from Zvornik, reports that "the aggressor small arms and antiaircraft provocations were apparent in the evening hours and throughout the night along the forward defense lines of the free Zvornik territory. The chetniks targeted the villages of Zaseok, Nezuk, and Vitinica with antiaircraft machine guns, Bofors guns, and Praga machine guns, and used 120-mm mortars to shell Sapna. The morning hours are marked by the usual chetnik small arms provocations. No casualties have been reported in the past 24 hours."

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Correspondent Muris (?Seho) reports on the situation in the 6- East Operative Group theater of operations. He says that "the (?Vozuca) chetniks fired dozens of 82-mm and 120-mm shells from the direction of Zvornik on our defense lines in the region of Glavice after which they attempted an infantry attack that our troops easily repelled. The movement of motorized vehicles in the region of Vozuca is intense."

Correspondent Salih (?Hadzialic) reports that "intense chetnik activity continues along all the defense lines of the Visoko front. The situation was unchanged yesterday [10 August] and overnight. A chetnik [words indistinct] and sniper from the region of Stijena targeted our positions in (?Borak) and Brdo; intense antiaircraft gun provocations were apparent from the chetnik strongholds of Panduric and Konjevica. Chetnik antiaircraft machine guns from Bela Kokoska continuously shelled our defense lines in Zege. At around 1900, the chetniks activated their artillery on (?Bela) and fired several 60-mm and 82-mm mortars at our positions on the [name indistinct]. Moreover, at 2230, the chetniks from (?Bela) fired five 120-mm mortar shells at the Visoko town center. There were no casualties. The rest of the night on the Visoko front was marked by enemy small arms provocations. The situation remains unchanged this morning."

Mirza Sadikovic reports from the Bihac front and says that "overnight and so far today it is somewhat calmer in the Bihac Commune, although Karadzic's chetniks kept up antiaircraft provocations along the defense lines. Overnight, they fired 60-mm and 82-mm mortars into the wider area of Buzim, and indiscriminately shelled defense positions on the Grmusko-Srbljanksi plateau and the Grabez part of the front. The remnants of war criminal Fikret Abdic's paramilitary formations shelled the wider area of Pecigrad and Todorovo, and continued provocations in Johovica, [words indistinct]."

Sarajevo Electricity Cut; Water Supplies 'Poor'

AU1008190294 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 10 Aug 94

[Text] Two pieces of service information: Last night at 2252 the electricity supply from the direction of Vogosca to the Velesici transformation station was cut off. This was reported by the Bosnia-Herzegovina Electricity Board Public Relations Service. The reason for the break in the supply of electricity to the Velesici transformation station is still not known since the aggressor's side has not reacted to the attempts to establish contact.

The deterioration of the electricity supplies reaching Sarajevo means that the general consumers will not receive any electricity, but the Electricity Board will try to ensure electricity for priority consumers.

Due to the frequent disruptions in electricity supplies, the planned accumulation of water has not been reached. This has been reported by the Information Service of the Water Works Company. The citizens that get their water from the reservoirs at Skenderija, Sedrenik, Grdonj, [words indistinct] will have poor water supplies. The Miljacka filtration plant is not working due to the cut in the electricity supplies. The Jahorina springs have been producing the usual amounts of water. The Bacevo spring is operational, and the water there is partly chlorinated.

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Tudjman Receives Hungarian President Goncz

LD1008115294 Zagreb Radio Croatia Network in Serbo-Croatian 1100 GMT 10 Aug 94

[Text] Croatian President Franjo Tudjman today received Hungarian President Arpad Goncz and his wife, who made a friendly and protocol visit to the White Villa on Brioni. The reception was attended by Mate Granic, Croatian deputy prime minister and foreign minister, and Miomir Zuzul, our ambassador at the UN mission in Geneva. Although the visit was purely a matter of protocol, since the Hungarian president is on holiday in Croatia, diplomatic talks were also held this morning. The Hungarian president will tour Brioni this afternoon. Croatian President Franjo Tudjman will host a formal dinner for Hungarian President Arpad Goncz, his wife, and aides this evening in the White Villa.

RSK's Mikelic on Milosevic, Serbian Union

AU1008171694 Novi Sad DNEVNIK in Serbo-Croatian 9 Aug 94 p 3

[Report by M. Vukcevic: "Everything as Agreed With the Mother State"]

[Text] Knin, 8 Aug—In a statement for the Serbian Radio Knin last night regarding the current situation in Krajina and Bosnia, Borislav Mikelic, prime minister of the republic of Serbian Krajina, said that only one hour before the assembly session in Plitvice he had learned—in fact, he learned it from Assembly Chairman Branko Vojnica—that the Krajina assembly was to discuss the stand the Assembly of the Serbian Republic took on the Contact Group's plan for Bosnia. Namely, a government session was held in Knin a day before at which it was confirmed that the assembly would meet and discuss only one item on the agenda: the defense of the republic of Serbian Krajina. Prime Minister Mikelic's proposal to the effect that the assembly should not discuss the stands discussed in Pale a day earlier without knowing enough details was not taken into account.

"The initiative proposed by the Serbian Republic on the unification of all four Serbian states was accepted absolutely as an initiative. I think that it conforms with all our desires to really achieve a unified Serbian state, but that it should be done gradually," Mikelic said and added the following: "I had to warn the assembly of all the implications that this decision may have and said that the decision should not be put into force. What should remain in force is the decision on the creation of a unified Serbian state together with Yugoslavia through gradual activities that can be carried out during the time the international community would give us. Such long-term decisions must be coordinated with the mother state, because we could create insoluble problems for the Serbian people in Krajina if they are not.

Mikelic added that Krajina has already stated its decision in a referendum to unite with the Serbian Republic. However, when that had to be promulgated, in Banja Luka on the St. Vitus Day last year, the leadership of the Serbian Republic was negotiating with the Muslim and Croatian sides about the concept of the union of Bosnia-Herzegovina. This meant three constitutive peoples and consensus in decisionmaking. Krajina's position has not been mentioned again, Mikelic says, and the fact of the referendum has remained, leaving an impression of the union being desired solely by the Serbs in the republic of Serbian Krajina.

Borislav Mikelic stressed that one should explain to the people what fatal consequences the sanctions had on Yugoslavia. These sanctions, he said, are leaving a wasteland in their wake.

"They can completely destroy us economically for a long period of time and strengthen our enemies. I said that, before the referendum, one should once again reexamine and clear up the situation with the leaderships of the Serbian Republic, Serbia, and Yugoslavia. I also said that I appreciate highly the role played by Slobodan Milosevic on the international scene, particularly his championing a peaceful solution to the Serbian people's position. I appreciate the role he has played since as early as 1987, 1989, and 1990, and in particular when the republic of Serbian Krajina entered the war. It is known that he had an extremely great importance and advocated the position of the Serbian peoples in the krajinas, and that should be appreciated," Krajina Prime Minister Mikelic concluded in the statement carried in whole by Serbian Radio Knin.

UNPROFOR: Positions Attacked by 'UFO's'

LD1008190294 Zagreb HTV Television in Serbo-Croatian 1730 GMT 10 Aug 94

[Excerpt] No one attending today's regular news conference in Zadar by Alan Roberts, UNPROFOR [UN Protection Force] spokesman for Sector South, could have foreseen how it was going to turn out. To everyone's surprise he revealed that UN observation posts were being attacked by UFO's.

[Unidentified correspondent] A strange incident occurred last night at one of the observation posts of UNPROFOR's Jordanian battalion, Alan Roberts, spokesman for UNPROFOR Sector South, said opening his news conference in Zadar. An hour and a half after midnight illuminated circles appeared in the air above the observation post and stones started falling down from their direction. The lights reappeared once again several hours later before the silence returned. Before dawn, frightened members of the Jordanian battalion also reported small-arms fire aimed at their positions, Roberts went on to say.

Given that the direction from which the shots were fired could not be established for certain, UNPROFOR members will in any similar situation in the future respond with warning shots. If the shooting does not stop, said the UNPROFOR spokesman for Sector South, UN members will return fire. He did not specify whether this also applies to inhabitants of other planets. [passage omitted]

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Federal

Jovanovic: More 'Balanced' U.S. Policy Necessary

LD1008232994 Belgrade TANJUG in English 2255 GMT 10 Aug 94

[Text] Tel Aviv, Aug. 10 (TANJUG)—Yugoslav Foreign Minister Vladislav Jovanovic said on Wednesday that the current U.S. policy has been mostly insufficiently balanced, being pro-Muslim and anti-Yugoslav.

Any change in that policy would therefore be a contribution to the peace process in former Yugoslavia, Jovanovic told Tel Aviv radio.

Some additional steps which would make the U.S. policy even more objective would be welcome, Jovanovic said, speaking about U.S. Secretary of State Warren Christopher's indication that the UN sanctions against the Federal Republic of Yugoslavia might be eased.

Christopher on Tuesday said that the sanctions might be eased if Belgrade kept its promise to close the border with the Srpska republic and stopped sending aid to Bosnian Serbs.

On August 4, the Yugoslav government severed political and economic relations with the Srpska republic after its parliament failed to accept the Contact Group plan for Bosnia-Herzegovina and called a referendum for August 27-28.

Jovanovic assessed that the other members of the Contact Group for Bosnia, Germany in particular, should follow the example of the U.S. so that stands on the lifting of the sanctions could be coordinated.

Sanctions were imposed against the Federal Republic of Yugoslavia in May 1992.

Jovanovic described the Yugoslav government decision to close the border with the Srpska republic as very serious and said that its violation was out of the question.

All trucks which cross the River Drina (the common border) are carefully examined and only those that carry food, medicines and clothing are allowed to pass, Minister Jovanovic said.

Minister Denies Ethnic Cleansing Exists

LD1008221694 Belgrade TANJUG in English 2203 GMT 10 Aug 94

["Pool" item]

[Text] Belgrade, Aug. 10 (TANJUG)—Yugoslav Minister for Human and Minority Rights Margit Savovic said Wednesday that there was no ethnic cleansing anywhere in Yugoslavia.

Not a single Yugoslav citizen was expelled from Yugoslavia, she added.

In a statement to Radio Belgrade, Savovic said that it was peaceful in the Raska district in southeastern Serbia and that all loyal citizens including Moslems, lived undisturbed.

"Certainly, those who have tried to jeopardize the country's territorial integrity and for that purpose traded with arms, drugs and organized training of a large number of people in Turkey, cannot count on good treatment by the state, which has the right to defend itself from secessionist tendencies," Savovic said.

Leaders of the Party of Democratic Action, which rallies Moslems from the Raska district, openly advocate secession of this part of Yugoslavia and its annexation to the Moslem-held parts of Bosnia-Herzegovina.

Savovic also said that a number of Moslems from the Raska district were in the Bosnian Moslem Army.

She denied allegations presented by Bulgaria's representative at the latest meeting of the United Nations Human Rights Committee, who said that the rights of ethnic Bulgarians were violated in Yugoslavia.

This allegation is probably due to the fact that "the ethnic Bulgarians' desire to be educated in Serbian was interpreted as a violation of the right to education in their mother tongue," Savovic said.

She said that the Yugoslav Government had sent a report on the position of the about 27,000 ethnic Bulgarians in Yugoslavia to the U.N.

Report on Approval of Bulgarian Rights Report

AU1008190894 Sofia DUMA in Bulgarian 5 Aug 94 p 1

["DUMA PRESS" staff report]

[Text] The Yugoslav Government has approved a report on the situation of the Bulgarian national minority living in the Western Outlands (eastern Serbia). The document claims that, within the SRY [as published], the Bulgarian national minority, although small in number, enjoys all civil and minority rights. According to the report, these rights exceed the standards of the rights guaranteed under international laws and surpass the level of the rights enjoyed in most countries of the world.

The document has not even a word to say about the protest lodged by the Democratic Alliance of Bulgarians in Yugoslavia that states that, as a result of assimilation, the Bulgarian minority has been reduced from 120,000 people in 1918 to 27,000 now, that it has been deprived of elementary human rights, that Bulgarian language classes have been suspended in two elementary schools in Bosilegrad and Dimitrovgrad (Caribrod), that church services are conducted in Serbian, and that newborn children are registered with Serbian names.

Raska Muslims Want 'Special Status' for Region

LD1008163794 Belgrade TANJUG in English 1634 GMT 10 Aug 94

[Text] Belgrade, Aug. 10 (TANJUG)—The Party of Democratic Action (SDA) of Muslims in Raska (old

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Turkish name Sandzak) propose a "special status" for the region that straddles over parts of both Yugoslav republics—Serbia and Montenegro.

The special status implies creating "a state within a state" with its own constitution, independent legislative and executive authorities, police, judical system etc.

A memorandum by the Muslim National Council, presented at a news conference in Belgrade Wednesday, denied the existence of the Federal Republic of Yugoslavia and the borders between Serbia and Montenegro.

Muslims in Raska account for about half the total population of this region.

SDA leaders have openly advocated secession from Yugoslavia, organizing even para-military units to this end.

SDA representatives at the news conference denied that Muslim units had been sent from Raska to the former Bosnia-Herzegovina to fight on the side of fundamentalist leader Alija Izetbegovic, except for some "isolated cases".

Yugoslav authorities have data that the SDA has been sending units of local Muslims to Izetbegovic's army in Bosnia-Herzegovina ever since the civil war broke out in 1992.

Serbia

Bishops Express Support for Bosnian Serbs

LD1008174094 Belgrade TANJUG Domestic Service in Serbo-Croatian 1658 GMT 10 Aug 94

[Text] Belgrade, 10 Aug (TANJUG)—We have always been and are for peace, but a peace which is just for everyone, because that is the only lasting peace, while unjust peace is the source of new misfortunes and the hotbed of new conflicts. This is the message from a consultation meeting of bishops of the Serbian Orthodox Church, chaired by the patriarch and held in the patriarch's residence in Belgrade today.

A statement from the meeting, dispatched to TANJUG from the Holy Bishops' Assembly of the Serbian Orthodox Church, says that the church does not demand for its people any more or any less than it grants to and wishes for other peoples "with whom and next to whom we live."

"Respecting other people's wishes and commitment to life in freedom, we demand that the Serb Orthodox people in the Srpska republic and the republic of Serb Krajina also be allowed to (?voice) their own wish for freedom and choice of whom to live with and how," the statement stresses and adds that "any plan offered by anyone, but imposed by force, represents a denial of basic human principles and of all internationally accepted norms of behavior. In this way too—the statement stresses—the bishops are appealing to "all leaders of our nation on both sides of the Drina, and are calling for peace, unity and everybody's responsibility before God, the people, and history."

The bishops say that "at this fateful moment, differences in standpoints must not be a reason for rifts, hatred, and mutual accusations." According to the bishops, the fact that "official Serbia and Montenegro", which have themselves experienced sanctions, "have imposed similar or even tighter sanctions and blockade" on the Srpska republic and the republic of Serb Krajina should be condemned.

The participants in today's bishops' consultation meeting take this opportunity—the statement reads—to remind the public information media of "their moral responsibility and the danger of abusing public opinion."

"The church, regardless of all events and solutions, sticks by its people, sharing with them both good and evil, protecting their unity in the struggle for justice and freedom, appealing to all to commit themselves to selfless assistance, togetherness and harmony," we read in the statement issued after a consultation meeting of the Serbian Orthodox Church bishops.

French Aid Worker's Murder Termed 'Coincidence'

LD1008134894 Belgrade TANJUG in English 1258 GMT 10 Aug 94

[Text] Nis, Aug. 10 (TANJUG)—Nis District Court Investigating Judge Stanisa Krzalic said Wednesday the recent murder of a French aid employee in Nis was not politically motivated. Krzalic said, "everything was sheer coincidence."

Isabelle Regine Achour, 28, an employee of the European Community Humanitarian Organization and Goran Zivkovic, 25, a university student of Nis, were killed in Nis, south-eastern Yugoslavia, August 4. Alchour and Zivkovic were in a parked four-wheel drive vehicle when Nedzad Music, 21, an armed fugitive from the police, entered the vehicle and killed them.

The investigating judge said Music was found dead behind the steering wheel of the vehicle, after an abortive effort to escape. Krzalic said the findings of the autopsy would be made public Friday. He said the French consul in Belgrade Dominique Real had been informed of the investigation findings.

There had been speculations that the murder of the French national could have been politically motivated because the murderer was a Muslim.

Kragujevac To Evolve Into FRY Munitions Center

AU1008133394 Belgrade BORBA in Serbo-Croatian 4 Aug 94 p 9

[Report by Zoran Radovanovic: "Howitzer Faster Than the 'Yugo'"]

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[Text] Kragujevac—A whole array of new products will appear at the Novi Sad Fair this fall. At the same time, the programs that at one time originated here will be discussed in September or October.

These two sentences, uttered by Vukasin Filipovic, general manager of the "Zastava—Special Purpose Products" plant, ostensibly contain the future of the largest Yugoslav plant and its immediate surrounding areas—Kragujevac, Sumadija, and the greater part of central Serbia.

What is this actually all about? For some time now, a theory has been circulated among the connoisseurs of the current economic abyss in Sumadija that Kragujevac—conditionally speaking—will again become a "military town." The fact that an artillery training center, which will train all cadres for this branch of the Yugoslav Army, is due to open on 1 September speaks in favor of this. The establishing of this center immediately calls to mind the times at the turn of the century when a similar institution existed in the center of Sumadija, and that its most famous students later became famous Serbian military figures [vojvoda]—Radomir Putnik, Zivojin Misic, Steva Stevanovic, and Petar Vojvodic. Chroniclers claim that, during that period, Kragujevac was a town described as "the center of all of Serbhood." That is perhaps why the fact that the establishment of the artillery training center will probably cost the impoverished Kragujevac city coffers "a pretty penny" is tacitly ignored.

Setting the Wrongs Right

Without completely disregarding this romantic local patriotism, serious analysts of events here stress that it is the reestablishment of the military-technical institute "Zastava—Special Purpose Products" that will make Kragujevac a "military town". At the moment, this third significant Zastava plan is mainly manufacturing hunting and sporting rifles and weapons for personal defense. Only a part of it is devoted to manufacturing heavy arms for Yugoslav Army requirements. Everyone agrees that, in terms of tradition, experience, know-how, and installations, both the state and the Yugoslav Army have for years, perhaps decades, been treating the Kragujevac "arms manufacturers" in a grossly unfair way, all the more so since immediately following the end of World War II, the production of arms for military requirements—guns, howitzers, and so forth—was transferred to Bosnia where everything had to be done from scratch. The "diplomatic" and, for the well-informed, entirely clear message contained in Vukasin Filipovic's statement is the injustice will be put right in the next couple of months when local "arms manufacturers" once again launch the production of "heavy" weaponry. What this will mean for the flagging Zastava plant in Kragujevac, which even according to the most official assessments is the most threatened town in the county stretching from Horgos to Dragas, is best illustrated by the fact that a single gun commands a higher price on the market than almost the entire production of hunting and sporting rifles and weapons for personal defense. At the same time, the reestablishment of the once unfairly and unjustifiably abandoned arms production will also mean a radical change of the production and sales structure of Zastava, which will, in turn, profoundly change the image of the most significant domestic company employing the greatest number of people.

It Is Not Time for Moralizing

The prevalent opinion here is that, in the future, arms production will take up almost 70 percent of the Kragujevac giant's production program, while the current elite and leading production of automobiles will be relegated to second, perhaps even third place, depending on the plans and willingness of Italy's Fiat or some other foreign partner to "splurge", since without investment the domestic automobile industry does not stand a chance of surviving.

Finally, the recent statement by the leading man of the Kragujevac "arms manufacturers" means that Zastava has won the war with Lola from Zeleznik, which had showed great interest in taking over the profitable Bosnian program of arms production for Yugoslav Army requirements.

Although people with more sophisticated taste might not be overly delighted by the "jack boot" perspective of Kragujevac and the part of Serbia that gravitates toward it, there are nevertheless many others who stress that the most important thing is for Sumadija to finally pull out of the decades-long abyss. Their essential argument is that many people worldwide are living comfortably from the proceeds of the munitions industry, and they claim that moralizing in a world ruled by pure interest is a—salon category.

Kosovo

Rugova Calls for 'Organization' of Kosovars Abroad

AU1108063894 Tirana TVSH Television Network in Albanian 1800 GMT 10 Aug 94

[Text] Dr. Ibrahim Rugova, the president of the Republic of Kosova, received representatives of workers of the Republic of Kosova abroad and held a long and warm talk with them. They focused on the present situation in Kosova and various aspects of the organization of these workers abroad. Our correspondent Sherif Kunjufca reports:

[Kunjufca] The world highly praises our organization under the conditions of occupation, while your contribution in this organization is very great, Dr. Ibrahim Rugova, president of the Republic of Kosova, told the representatives of our workers abroad. You know, Mr. Rugova continued, that only a year ago it was very difficult for you to communicate, even with each other. However, thanks to your organization and the circumstances created in Kosova, over the past three or four years you organized yourselves in branches of political parties, associations, and various clubs. With this organization, you are establishing friends and contacts with

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foreigners in the countries where you are working, thus affirming the Kosova issue all over the world.

At the meeting with our workers abroad, Rugova stated that they should organize themselves as best as possible. He told them not to wait, as they had not waited years ago for someone from here [Kosova] to teach them how to organize themselves.

The model of self-organization that you are practicing in European countries has proved to be successful, Rugova said. As you know, Dr. Rugova continued, the greatest burden of the organization of Albanians abroad was carried out by the Democratic League of Kosova [LDK]. That is why you should understand its branches in Europe as forms of organization.

While Albanians are organized in other parties, associations, and clubs, Rugova warned the people present that those forms of organization should be understood as normal and that they should cooperate with each other for their benefit and that of Kosova.

The LDK reports that, highly assessing the contribution for Kosova by our workers abroad, Mr. Rugova said that there exists [words indistinct] as you raise culture and (?solidarity) assistance for the people of Kosova, that is why the world highly appraises us regarding this issue. The Kosova issue is being internationalized as a question that requires a fair solution, Dr. Ibrahim Rugova, president of the Republic of Kosova, said at a meeting with our workers abroad.

Albanian Leaders Affirm Right to Independence

AU1008162794 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 10 Aug 94

[Text] Despite the international community's stand that the Kosovo-Metohija issue must be solved within Serbia, Kosovo Albanian leaders ever more frequently insist on the southern province's alleged right to independence. Here is Milivoje Mihajlovic reporting from Pristina:

[Begin Mihajlovic recording] Kosovo is not a Serbian question but a question of the people living here, Mark Krasniqi, chairman of the Albanian Christian Democratic Party, points out. According to the BUJKU daily in Albanian which is coming out in Pristina, Mark Krasniqi claims that Albanians are being encouraged by the fact that the international community is of the opinion that Kosovo is not Serbia's internal question. He explains that he has heard such a stand from, as he put it, many diplomats abroad who promised to him that after Bosnia, the next in line to be solved is the Kosovo-Metohija issue. For the time being, we cannot tell you in what way that issue is going to be solved, these foreign diplomats have further said, according to Krasniqi's interpretation.

According to BUJKU again, Ibrahim Rugova also said during the talks he had with an Italian peace delegation yesterday that the Albanians have the right to be independent.

However, in an interview carried by the Albanian magazine KOHA today, Slovene President Milan Kucan said that his views on the problem of Kosovo-Metohija are, as he put it, similar and identical to the views of Albanian President Sali Berisha and Prime Minister Alfred Serreqi [as heard]. Kucan claims that this joint stand is that it is impossible to solve the problem of Kosovo Albanians outside Serbia. [end recording]

Parties Condemn Killing by Serbian Police

AU1008111794 Tirana TVSH Television Network in Albanian 1800 GMT 9 Aug 94

[Text] In Shejkovc in Podujeve, Hasan Ramadani has been buried in the presence of many citizens from Kosova. Almost all Kosova's political parties have condemned this criminal act of murder. Correspondent Mehmet Haziri reports from Prishtina:

[Begin Haziri recording] The Kosovar Peasant Party's Presidency, reacting to the escalation of violence by the Serbian police and other paramilitary forces in Kosova, has described the intervention by aggressive Serbian forces in Shejkovc and the murder of Hasan Ramadani as a premeditated act of Serbian expansionism following the already well-known Serbian pattern.

The Albanian Christian Democratic Party has also condemned this terrorist act by the Serbian police in Shejkovc in Podujeve. The real motive behind Hasan Ramadani's murder and the burning down of his house was to keep the Albanian people under continuous pressure and in such fear that they leave Kosova and abandon their demands for Kosova's independence.

Hasan Ramadani was killed defending his house, according to statements by the Mitrovice-based Albanian Republican Party, the local branch of the Kosova Democratic Alliance, and other associations in Podujeve. They also condemn the cruel and barbaric acts of the Serbian occupier.

Reacting to this act of terrorism by the Serbian police, the Albanian National Unity Party Presidency highly praised the brave and patriotic act of Hasan Ramadani and his family. The Albanian National Unity Party also said that those who defend their homes and their families' dignity provide the most convincing proof of the value of the sacrifice for freedom and fatherland.

Parties, associations, and other organizations from various parts of Kosova have been praising the heroic act of Hasan Ramadani and his family. They warn their enemies that threats and criminal activities aimed at frightening the 2 million Kosovar Albanians and extinguishing their demand for independence are in vain.

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